

## Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.



Reserve 1.9  
EC 752 F  
TS

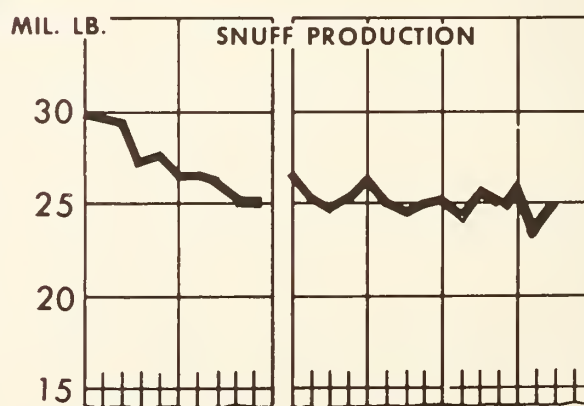
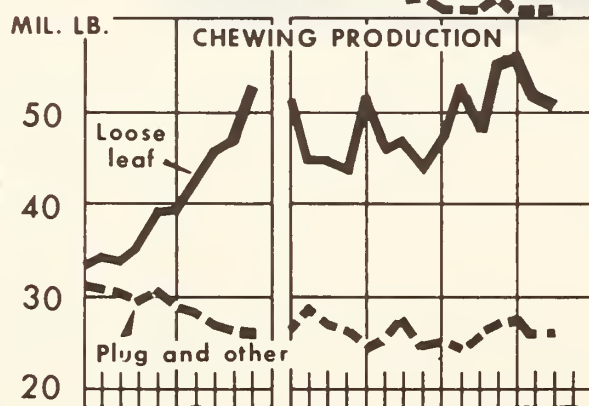
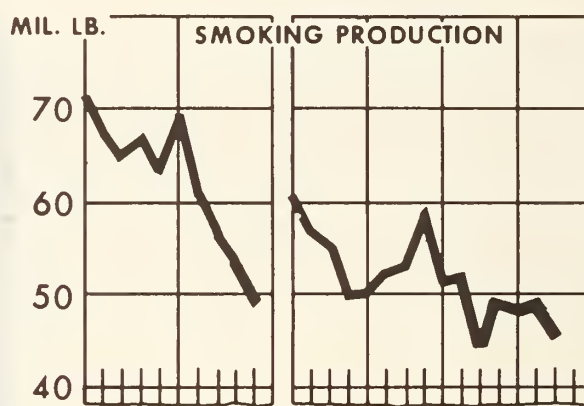
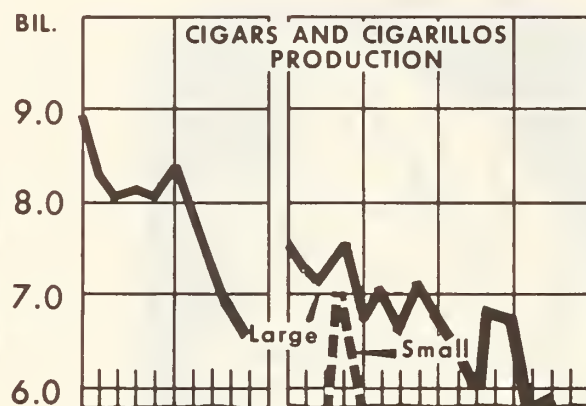
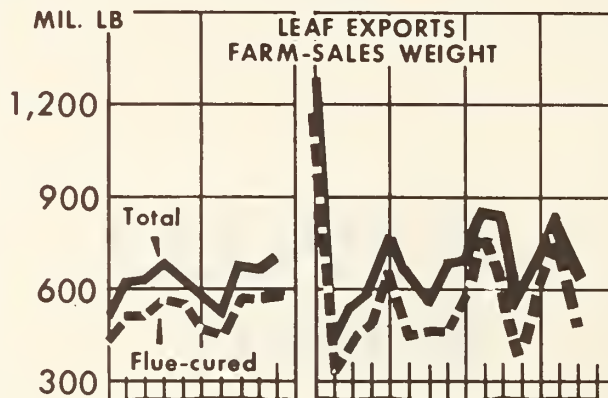
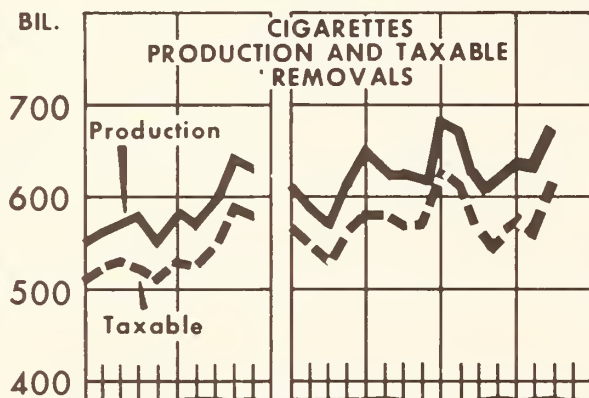
# TOBACCO Situation



23 975

# TOBACCO OUTLETS

## Trends in Manufactured Products and Exports



1965 70 75 72 73 74 75  
ANNUAL QUARTERLY  
SEASONALLY ADJUSTED  
AT ANNUAL RATES

1965 70 75 72 73 74 75  
ANNUAL QUARTERLY  
SEASONALLY ADJUSTED  
AT ANNUAL RATES

LAST QUARTER SHOWN ESTIMATED.

USDA

NEG. ERS 229 - 75 (6)

# THE TOBACCO SITUATION

## CONTENTS

	<i>Page</i>
Summary . . . . .	3
Tobacco Products . . . . .	4
U.S. Exports and Imports . . . . .	8
Tobacco Leaf Situation and Outlook . . . . .	8
World Tobacco Trade Review, 1974 . . . . .	21
Foreign News Briefs . . . . .	23
Flue-cured Tobacco Production Costs—A Preview of 1975 . . . . .	29
Tobacco Price Support Programs . . . . .	33
Selected Recent Articles, Reports, Speeches . . . . .	37
Statistical Summary . . . . .	38
List of Tables . . . . .	43

• • •

Approved by  
The Outlook and Situation Board  
and Summary released  
June 13, 1975

Principal contributors:  
Robert H. Miller  
Richard Hall

Commodity Economics Division  
Economic Research Service  
U.S. Department of Agriculture  
Washington, D.C. 20250

• • •

The *Tobacco Situation* is published in March, June, September, and December.

## SUMMARY

Lagging economies both in the United States and overseas have caused exports and domestic use of U.S. tobacco for the 1974/75 marketing year to slip below last season's record high level. Still, total disappearance is exceeding 1974's output. Thus, carryover will fall below last year's 2.95 billion pounds to the smallest amount since 1947.

Domestic cigarette use for the 10 months ended April 1975 was up about 1½ percent and cigarette exports were up 10 percent. But manufacturers and distributors cut back inventories as output in the year ending June 30 will likely dip about 2 percent below the record high 652 billion cigarettes produced last fiscal year. Reduced cigarette inventories combined with increased sales should help bolster the production in second half of 1975.

Use of cigars continues to trend downward in contrast to the increase in cigarette smoking. For the year ending June 30, large cigar output will be down 5 percent and small cigar production off 10 percent from 1973/74. Output of snuff is holding its own while chewing tobacco production may gain a little.

Unmanufactured tobacco exports in July 1974-April 1975 totaled 2 percent below a year earlier. Indications of an ever slower pace this May and June would mean shipments for the year ending June 30 should total about 5 percent below the record 657 million pounds (export weight) last fiscal year. World cigarette demand for U.S.-type blended cigarettes is still climbing but some overseas markets have slowed their purchase rate or shifted to competing tobaccos because of steep price increases and declining real incomes.

With prospects for a larger 1975 crop and much smaller price increases than last year, unmanufactured tobacco exports for July-December 1975 may exceed the 338 million pounds (export weight) of a year earlier. Despite some slackening in the demand for neutral filler tobacco our exports are being sustained by foreigners' preferences for full-flavor U.S. tobacco and reduced carrying charges due to declines in short-term interest rates. Exports to countries in the European Community and Southeast Asia have declined this season.

Flue-cured tobacco exports were off 3 percent in July 1974-April 1975, (farm-sales weight) with the largest drop in shipments to the United Kingdom. For the year ending June 30, about 430 million pounds (570 million, farm-sales weight) will be exported to all



destinations, 5 percent below 1973/74. Burley exports for the crop year ending September 30 may equal last year's total of 67 million pounds (87 million, farm-sales weight).

Cigarette tobacco imports for consumption at 205 million pounds (export weight) during July 1974-April 1975 gained 15 percent from a year earlier. Cigar leaf imports gained 7 percent. U.S. manufacturers' stocks of imported cigarette tobacco on April 1 were 19 percent above a year earlier. U.S. stocks of foreign-grown cigar tobacco were up 7 percent.

With a slowdown in cigarette output and increased use of foreign tobacco, domestic flue-cured use in the year ending June 30 is dropping 5 percent from last season's level. Allowing for smaller exports, total disappearance of flue-cured will run about 5 percent below the 1.3 billion pounds of last season. This about equals the 1974 crop, so the July 1975 carryover of flue-cured likely will remain near the 1.6 billion pounds of a year earlier.

Based on March 1 intentions, this year's flue-cured crop was projected 13 percent larger than last year. Considering past experience, the estimate seems reasonable. For the new season, total supply (estimated carryover plus the projected 1975 crop) may gain a little.

Auctions for the flue-cured crop are expected to open in early July on type 14 (Ga.-Fla.) and type 13 (S.C.-N.C.) markets. To receive price support, growers must have designated the warehouse(s) within 100 miles

of their county seat town where they will market their crop. USDA will set auction sales schedules to reflect grower preferences. Also, growers must certify that they did not use DDT, TDE, toxaphene, or endrin pesticides on their crop. USDA again will sample tobacco on all markets and analyze the samples for residues. The law provides penalties for false certification.

Use of burley tobacco may total 2 percent above last season's use of 619 million pounds and a little above the 1974 crop. Thus, the October 1 carryover is expected to fall slightly from last year's 1,071 million pounds. With farm poundage quotas reflecting the increased basic quota and 1974's underquota marketings, growers in 1975 are expected to produce and market the largest crop since 1963 and keep total supplies about the same as for 1974/75.

Auction markets for the 1974 crop of Maryland tobacco began April 15 and ended June 13. Prices averaged 96 cents per pound compared with 91 cents a year earlier, with increases for most of the better quality grades. Disappearance in the current marketing year may gain a little from last season. Still, the Maryland tobacco carryover may rise from 1974's.

Use of fire-cured, dark air-cured, and domestic cigar tobacco is declining. Nevertheless, estimated use for most of these types of tobacco will exceed last year's crops, leaving less carryover into 1975/76. Tentative 1975/76 supplies are about the same as the previous season for fire-cured, dark air-cured, and cigar binder but lower for cigar filler and wrapper tobaccos.

## TOBACCO PRODUCTS

### Cigarette Use Trends Upward

With increasing domestic sales and steady shipments to U.S. forces overseas, U.S. cigarette use rose about 1½ percent during the 10 months through April 1975 over the comparable period in 1973/74. Consumption by U.S. smokers (including those overseas) in the year ending June 30, 1975, may have increased to around 600 billion cigarettes (table 2). Gains in domestic cigarette use are expected to continue during July-December 1975. Total output in 1974/75 is estimated at 642 billion cigarettes, about 2 percent below last year's level. Allowing for an estimated 10-billion-cigarette decrease in inventory, this still includes about 50 billion cigarettes for export and 2 billion for Puerto Rico and other U.S. possessions. During the 10 months through April 1975, exports gained 10 percent, reflecting the continued growth in worldwide preference for U.S. cigarettes (table 1).

As estimated by State tax data, unit sales in the 4th quarter of 1974 and 1st quarter of 1975 were virtually

Table 1—U.S. cigarette exports to leading destinations, 1973-75

Country	1973	1974	January-April	
			1974	1975 <sup>1</sup>
	Millions	Millions	Millions	Millions
Hong Kong .....	4,845	5,154	1,731	1,213
Belgium-Luxembourg ..	3,808	4,846	865	2,147
Spain .....	3,313	2,434	1,104	436
Netherlands-Antilles ...	1,935	2,460	570	1,309
Lebanon .....	2,273	2,275	565	324
Saudi Arabia .....	1,945	2,072	569	753
Panama .....	1,612	1,193	465	468
Ecuador .....	1,644	1,970	632	142
Kuwait .....	1,848	2,882	1,000	933
Switzerland .....	668	483	57	56
Japan .....	1,815	3,091	1,016	716
Other countries .....	15,837	18,041	5,473	7,084
Total .....	41,543	46,901	14,047	15,581

<sup>1</sup> Subject to revision.

Compiled from publications and records of the Bureau of the Census.

Table 2--Cigarettes: Output, removals, and consumption, 1960-75

Year	Output	Removals					Total U.S. consump- tion 3/
		Taxable	Tax-exempt				
			Total	Exports	Puerto Rico 1/	Overseas forces 2/	
<u>Billions</u>							
1960	506.9	470.1	37.0	20.2	2.5	14.3	484.4
1961	528.3	488.1	39.6	22.2	2.8	14.6	502.7
1962	535.5	494.5	41.1	24.1	3.1	13.9	508.4
1963	550.6	509.6	41.1	23.6	3.2	14.3	523.9
1964	539.9	497.4	42.6	25.1	3.7	13.8	511.2
1965	556.8	511.5	44.2	23.1	3.9	17.2	528.7
1966	567.3	522.5	46.1	23.5	3.9	18.7	541.2
1967	576.2	527.8	49.0	23.7	3.9	21.4	549.2
1968	579.5	523.0	53.8	26.5	4.7	22.6	545.7
1969	557.6	510.5	47.1	25.0	3.7	18.4	528.9
1970	583.2	532.8	51.2	29.2	3.7	18.4	4/536.4
1971	576.4	528.9	49.2	31.8	2.7	14.7	5/555.1
1972	599.1	551.0	49.0	34.6	2.1	12.3	5/566.8
1973	644.2	590.3	55.9	41.5	2.0	12.4	4/591.2
1974 6/	635.0	576.2	59.2	46.9	1.9	10.4	5/600.0
Year ending June 30 --							
1964	535.0	495.1	40.8	23.7	3.5	13.6	508.7
1965	562.4	517.0	43.9	25.1	3.7	15.1	532.1
1966	562.7	516.1	47.2	23.4	4.1	19.7	535.8
1967	572.8	524.9	47.7	23.8	3.7	20.2	545.1
1968	570.7	522.6	48.7	23.5	4.1	21.1	543.7
1969	573.0	520.3	51.5	25.8	4.4	21.3	541.6
1970	562.2	511.7	51.0	28.6	3.8	18.6	530.3
1971	585.1	539.6	47.5	29.0	3.2	15.2	4/544.0
1972	592.6	542.6	50.2	32.8	2.2	15.2	5/566.4
1973	615.6	562.7	50.4	38.3	2.3	11.8	5/576.8
1974	652.0	595.0	61.2	44.9	2.1	14.2	4/600.0
1975 7/	642.0	580.0	62.0	50.0	2.0	10.0	5/608.0

1/ Also includes Virgin Islands, Guam, American Samoa, Wake, and Canton and Enderbury Islands.

2/ Also includes ship stores and small tax-exempt categories.

3/ Taxable removals, overseas forces, and small import categories.

4/ Excludes estimated inventory increase.

5/ Includes estimated inventory decrease.

6/ Subject to revision.

7/ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

Table 3--Cigars and smoking tobacco: Output, removals, and consumption

[illegible]

1/ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. 2/ Estimated. 3/ Subject to revision.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census, and AMS, USDA.



unchanged from a year earlier. Considering the depressed conditions in major parts of the economy and the reduced real incomes of consumers, the cigarette sales pattern is impressive. Retail prices have gone up in the past 12 months, in part due to a rise in wholesale prices. Since last July, four States increased cigarette tax rates, compared with only two States in 1973/74.

#### Ruling on CPSC Authority

A Federal District judge has ruled that the U.S. Consumer Product Safety Commission (CPSC) has the authority to consider proposals to ban the interstate shipment of certain cigarettes as alleged health hazards. The court ruled in the suit (*Moss, et al. vs. CPSC* April 24, 1975) that the CPSC has authority under the Federal Hazardous Substances Act to consider whether the tar content of some cigarettes is so high that the cigarettes should be banned from interstate commerce. The commission had been asked to ban sales of cigarettes containing more than 21 mg. of tar. Federal Trade Commission tests in 1973 indicated that 27 of the 130 brands were over that level.

A bill approved May 6 by the House Commerce Subcommittee would expressly exclude cigarettes from CPSC jurisdiction.

#### Cigar Volume Slips

In the 9 months through March 1975, U.S. smokers and overseas forces smoked 4.7 billion large cigars (including cigarillos), 8 percent fewer than the year before. For the entire fiscal year, consumption is expected to remain substantially below the 1964/65 record. Demand has been weaker in low and medium price categories, a continuation of a several year trend. Also contributing is the reduced real income of consumers. In contrast, demand for higher-price cigars from Puerto Rico and U.S. factories remains strong (table 3).

Production of small cigars (those weighing less than 3 pounds per thousand) totaled 2.3 billion in the 9 months through March 1975. The total fiscal year output may have fallen one-tenth from 1973/74 and about one-half from the 1972/73 peak when new brands were moved into national distribution with heavy television promotion (table 4).

According to the annual survey by the Cigar Association of America, sales of cigarillos totaled 2.1 billion in calendar 1974. Cigarillos weigh between 3 and 10 pounds per 1000, less than half as much as the traditional cigar. Cigarillo sales (based on taxable removals) represented one-third of total sales of large cigars and cigarillos in 1974, the same share as in 1973.

Table 4—Tobacco products: Output, 1973-1975

Item	Year ending June 30—		
	1973	1974	1975 <sup>1</sup>
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Chewing tobacco .....			
Plug .....	18.4	18.7	18.0
Twist .....	2.2	2.1	2.2
Fine-cut .....	5.4	5.9	6.5
Loose leaf .....	46.0	48.1	53.3
Total .....	72.0	74.8	80.0
Snuff .....	25.3	24.8	24.8
Smoking tobacco in bulk (exports) .....	25.9	33.0	37.0
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Small cigars .....	5,580	3,428	3,100

<sup>1</sup> Estimated.

Basis data compiled from reports of the Internal Revenue Service and Agricultural Marketing Service, USDA.

This compares with the 28 percent average during 1965-69.

#### Smoking and Chewing Tobacco

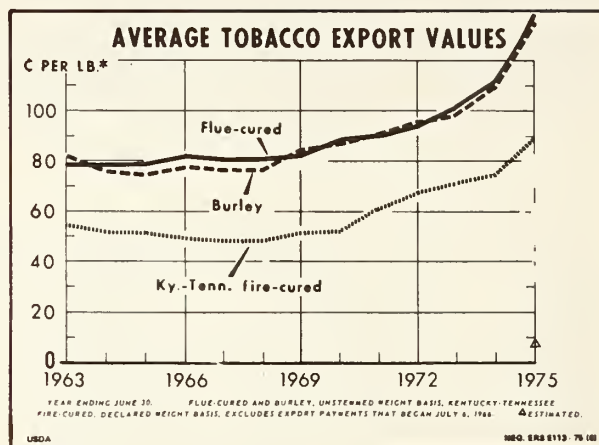
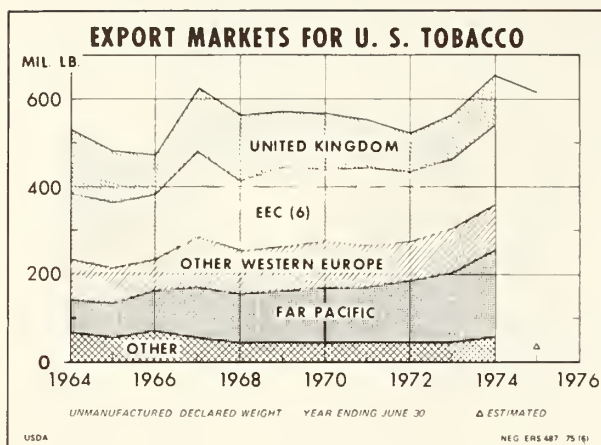
Smoking tobacco production for pipes and roll-your-own cigarettes declined in the last 3 quarters, but sales have stabilized. In the first 9 months of 1974/75, domestic smoking tobacco output fell 9 percent to 37 million pounds. With higher imports, total domestic sales gained 1 percent to 43 million pounds. Declines occurred in sales of domestic tobacco for both pipes and roll-your-own cigarettes. U.S. smoking tobacco consumption for the year ending June 30 may remain near last year's 57 million pounds.

*Smoking tobacco exports* in bulk during July 1974-April 1975 were up 7 million pounds, one-fourth more than a year earlier. The Netherlands, normally a leading destination, took considerably less than usual because of European Community (EC) tax changes. Exports are up sharply this fiscal year to Switzerland, now our chief destination. This has meant some shift away from U.S. unmanufactured tobacco.

*Chewing tobacco* output in 1974/75 is estimated 7 percent above the previous year. Gains are occurring in production of loose-leaf, twist and fine-cut tobaccos (table 4).

*Snuff* production in 1974/75 may remain about the same as the previous year's level.

## U.S. EXPORTS AND IMPORTS



### Leaf Exports Pace Slows

For the year ending June 1975, exports of unmanufactured tobacco are estimated 5 percent below last fiscal year's 657 million pounds (export weight). During July 1974-April 1975, shipments declined 2 percent to 527 million pounds. The average value of exports increased 21 percent. January-April exports of 190 million pounds were below the 193 million pounds in the same months of 1974 and exports in May and June probably also fell below the heavy volume shipped during those months of 1974.

Flue-cured and burley tobaccos, the two principal export classes, accounted for most of the July-April volume decrease. Shipments of fire-cured tobacco (Ky.-Tenn.) and stems were also down. A sizable decrease occurred for July-April exports to Australia, Thailand, South Vietnam, and the EC countries of United Kingdom, Netherlands, Belgium and Denmark (table 5).

Steep jumps in cigarette prices in Japan and the United Kingdom, as well as declining real incomes in other countries due to the worldwide recession, will hold down our export prospects for the rest of 1975. U.S. exports in July-December 1975 may exceed the 338

million pounds for those months last year; the 1969-73 average was 306 million pounds. U.N. sanctions against Rhodesia continue. The difficulty of shipping tobacco to African ports may have accounted for weaker demand at current season auctions.

### Imports Continue to Pick Up

U.S. tobacco imports for consumption (factory use) during January-April 1975 were more than one-fifth above the high level of a year earlier (table 6). Cigarette tobacco imports rose 25 percent to fill in the below-average supply of U.S. cigarette tobaccos and to help stabilize costs for manufacturers. Cigar tobacco imports also increased. The combined total reached 266 million pounds for the 10 months through April, 30, up 11 percent from the comparable 1973/74 period.

January-April 1975 arrivals (general imports) of tobacco totaled 169 million pounds, 39 percent more than the same period a year earlier. Purchases by U.S. companies from Greece and Turkey slowed last season. By April 1 of this year, stocks of foreign-grown cigarette and smoking tobacco in the United States gained 91 million pounds, 19 percent above a year earlier. At 567 million pounds (farm-sales weight), these stocks were record high for that date.

## TOBACCO LEAF SITUATION AND OUTLOOK<sup>1</sup>

### Flue-cured Growers Designate Warehouses

By the early April deadline, growers of flue-cured tobacco had designated 95 percent of their marketable quota to the auction warehouses where they wish to market their 1975 crop. The procedure began last season as a requirement for price support. As was the case last

season, USDA will provide inspection and price support services at individual warehouses in various marketing areas on the basis of grower designations. A Flue-cured Tobacco Advisory Committee advises and recommends to USDA the opening dates and selling schedules in each marketing area.

After growers had made warehouse designations at their local Agricultural Stabilization and Conservation Service office, grower lists were prepared for each warehouse and the information was sent to the USDA

<sup>1</sup> All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.

Table 5—United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

(Declared weight)

Country and type	Average 1966-70	1972	1973	1974 <sup>1</sup>	January-April		1975 as a percentage of 1974 <sup>2</sup>
					1974 <sup>1</sup>	1975 <sup>1</sup>	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent
Flue-cured .....	418.3	425.3	418.4	440.9	132.4	135.4	102
Burley .....	45.4	53.7	58.9	60.8	18.9	20.4	108
Maryland .....	12.3	11.0	9.6	10.9	2.2	1.1	50
Fire-cured, Ky. and Tenn. ....	20.0	20.6	18.4	19.4	6.4	5.4	84
Virginia fire-and-cun-cured .....	5.0	5.0	3.0	3.9	2.1	1.0	48
Green River and One Sucker .....	1.2	.6	.4	4.0	.3	.1	28
Black Fat .....	2.8	3.3	3.1	2.7	.8	1.3	158
Cigar wrapper .....	3.3	3.1	2.1	2.9	.8	1.4	179
Cigar binder .....	1.4	.1	.1	.1	.3	.1	461
Cigar filler .....	.9	.3	.3	.6	.4	—	10
Perique .....	.2	.3	.2	.2	.1	—	38
Stems, trimmings, and scrap .....	51.0	82.9	98.0	105.9	28.4	23.5	83
Total .....	561.9	606.1	612.5	651.4	193.0	189.8	98
Country of destination							
United Kingdom .....	128.8	115.1	119.7	94.3	16.2	16.7	103
France .....	7.9	7.7	6.6	8.2	3.6	5.0	139
Belgium-Luxembourg .....	17.0	12.9	16.7	14.4	4.6	1.8	39
Netherlands .....	34.7	22.4	31.6	31.0	8.7	7.5	85
West Germany .....	99.3	99.3	99.3	97.1	19.5	23.0	118
Denmark .....	18.1	20.8	37.0	12.6	.3	.2	67
Ireland .....	12.7	14.3	8.9	10.2	2.7	3.3	122
Switzerland .....	22.8	23.5	31.4	21.3	6.0	7.6	127
Finland .....	5.4	5.3	6.1	4.0	2.1	2.5	118
Norway .....	8.5	7.0	5.7	5.4	2.3	1.1	45
Sweden .....	18.5	20.5	17.1	14.5	.7	1.1	157
Italy .....	7.7	23.1	21.8	24.3	10.5	24.4	232
Spain .....	4.3	4.6	4.3	8.0	3.3	6.2	187
Thailand .....	22.8	30.5	8.6	20.6	12.0	12.4	103
South Vietnam .....	11.5	18.9	14.6	13.7	6.7	1.9	28
Malaysia .....	10.1	8.4	8.0	11.9	3.8	2.3	61
Philippines .....	7.0	9.5	8.8	11.3	2.4	1.7	71
Taiwan .....	7.3	14.2	16.7	23.8	13.0	12.4	95
Japan .....	43.5	87.3	79.0	109.6	37.9	35.3	93
Australia .....	16.0	14.8	13.9	18.7	7.2	2.1	29
New Zealand .....	4.5	4.4	5.3	4.8	2.2	1.8	82
Egypt .....	3.4	.9	2.4	12.3	.2	.1	50
Libya .....	1.6	1.0	2.9	12.8	.2	.1	50
Other countries .....	48.5	39.8	46.1	66.7	26.9	19.3	73
Total .....	561.9	606.1	612.5	651.4	193.0	189.8	98

<sup>1</sup> Subject to revision. <sup>2</sup> Computed from unrounded data. <sup>3</sup> Less than 50,000. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Advisory Committee. Besides sales schedules and opening dates, the committee recommends the geographic areas to be included in specific marketing areas.

Last year about 4 percent of the marketable quota was not designated. Sales opportunity for undesignated tobacco was provided in proportion to designated levels within each county. This year sales opportunity for undesignated tobacco will be based on positive actions by growers indicating they wish to sell their tobacco on undesignated marketing cards. Assignment of that sales opportunity is in proportion to each warehouse's share of a marketing area's volume of designated tobacco.

Provisions have been made again for growers wishing to change their designation during the marketing season.

This year growers are allowed to redesignate their tobacco during the 5 working days ending on the first Friday in each month after markets have opened.

### 1975 Crop Prospects

Just as last year, cool, wet weather prevailed this spring in many States. By mid-June, tobacco setting was completed in North Carolina and Virginia and almost finished in Kentucky. Tobacco harvest in Georgia and Florida was progressing normally.

Auctions for the 1975 flue-cured crop are expected to begin the first half of July, after the USDA Advisory Committee works out marketing schedules. Opening dates will depend on when a sufficient volume is



Table 6--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1974, and January-April 1974-75 <sup>1/</sup>

(Declared weight)								
Classification and country of origin	Imports for consumption				General imports (arrivals)			
	Total 1974	January-April 1/			Total 1974	January-April 1/		
		1974	1975	: 1975 as a : percentage: : of 1974		1974	1975	: 1975 as a : percentage: : of 1974
- Million pounds -		Percent		- Million pounds -		Percent		
<u>Cigarette tobacco:</u>								
Leaf, unstemmed								
Oriental								
Turkey	112.4	40.3	41.5	103	93.9	45.3	55.4	122
Greece	24.2	8.1	11.5	142	15.6	5.9	13.7	232
Yugoslavia	16.5	5.7	5.1	89	15.7	4.5	7.1	158
Lebanon	8.9	3.4	4.0	118	7.0	2.8	4.9	175
Other countries	3.9	.9	2.8	310	30.2	11.6	25.0	216
Flue-cured and burley	22.1	6.1	18.1	297	52.9	9.8	23.8	243
Subtotal	188.0	64.4	83.1	129	215.0	79.9	129.9	163
<u>Scrap</u>								
Turkey	6.7	2.4	2.3	96	7.7	1.6	3.8	238
Other countries 2/	28.2	9.6	7.0	73	33.1	6.6	5.3	80
Total	222.9	76.4	92.4	134	256.1	88.1	139.0	158
<u>Cigar tobacco:</u>								
Wrapper	1.2	.5	.5	100	2.2	.6	.7	117
Filler-stemmed and unstemmed								
Dominican Republic	2.1	.9	1.1	122	11.3	7.2	8.3	115
Other countries	8.8	3.5	6.0	171	31.5	9.2	5.3	58
Subtotal	10.9	4.5	7.1	155	42.8	17.0	14.3	84
<u>Scrap</u>								
Philippine Republic	24.2	5.2	4.1	79	16.6	6.3	6.5	103
Colombia	3.6	1.2	1.7	142	3.0	1.0	1.0	100
Dominican Republic	6.7	2.3	3.0	130	2.0	.8	.9	112
Brazil	9.8	2.2	3.7	118	3.1	.8	.1	12
Other countries	16.6	4.3	5.9	137	19.8	6.2	7.1	115
Subtotal	60.9	15.2	18.4	121	44.5	15.1	15.6	103
Total	73.0	20.1	26.0	129	89.5	32.1	29.9	93
<u>Stems</u>								
	4.0	1.5	.4	27	4.0	1.5	.4	27
Grand total	299.9	97.7	118.8	122	349.6	121.7	169.3	139

<sup>1/</sup> Preliminary.

<sup>2/</sup> Canada, Mexico, Yugoslavia, Greece, Cyprus, Syria, Lebanon, India, Thailand, Korea, Angola, Mozambique, Zambia, Malawi.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

marketable in a given area. Last year auctions for both type 14 (Ga.-Fla.) and type 13 (S.C.-N.C.) opened July 15. Limited sales began a week later on type 12 (Eastern N.C.).

The condition of the new crop will influence prices when the 1975 auction season opens. Despite the stabilized carryovers and larger quotas this season, prices may average near last year's record due to the 12 percent higher support level (table 7).

Growers will again find that tobacco quality is critical and some individual sheets may not cover their production and marketing costs. This is because the cost to buyers after discounting sand, foreign matter, and resulting lower strip yield is more than buying tobacco overseas or from growers who have made more of an effort to sell a quality product. The following example from last season compares Stabilization Cooperative's yield and cost of stripped tobacco from a priming grade (P5F) compared to upstalk tobacco (B3F).

Grade	Floor cost	Strip yield	Initial cost
	Dol./cwt.	Percent	Dol./cwt.
P5F	80	60	133
B3F	91	69	132

USDA's Crop Reporting Board will publish its first estimates for 1975 tobacco acreages for harvest on June

30 and its first forecast of flue-cured yield per acre and production on July 10. Subsequent monthly reports, beginning August 11, will also forecast yield and production for burley and other kinds. During the last decade, harvested tobacco acreage closely approximated March 1 reported intentions, with acreage harvested coming within 1½ percent of March 1 plans in 7 out of 10 years.

#### Pesticide Residue Developments

As a condition for receiving price support, growers must certify that they did not use DDT, TDE, endrin, or toxaphene pesticides. If growers certify falsely, they are subject to fines or imprisonment. Also, USDA will continue to random sample the tobacco crops on all markets and will chemically analyze the samples for pesticide residues.

DDT and TDE residue levels fell again last year. Samplings of the 1974 crop showed only one sample with residue of 3 parts per million (p/m) or more. If an analysis shows DDT-TDE residues of 3 p/m or greater, the grower is declared ineligible for price support loan. DDT-TDE residues of 10 p/m or greater mean the grower is considered in violation if he certified that chemicals were not applied to his crop.

#### USDA Reviews Supply-Use Situation

This spring USDA reviewed the supply and use situation for fire-cured, dark air-cured, and cigar filler

Table 7—Flue-cured and burley tobacco: Marketing quota and marketings, 1965-75

Year	Quota		Marketings				Net Carryover <sup>2</sup>
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota <sup>1</sup>	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
<b>Flue-cured, types 11-14</b>							
1965 .....	1,126.0	1,124.4	1,055.5	27.1	96.0	91.2	64.0
1966 .....	1,135.0	1,199.0	1,107.9	35.0	126.1	111.1	76.1
1967 .....	1,126.3	1,202.4	1,247.5	77.9	30.8	18.4	-59.5
1968 .....	1,127.5	1,067.9	996.4	26.5	96.6	86.1	59.6
1969 .....	1,127.4	1,187.0	1,052.1	26.6	157.9	145.9	119.3
1970 .....	1,071.5	1,190.8	1,178.2	65.1	71.2	63.4	-1.7
1971 .....	1,071.6	1,069.9	1,076.3	60.4	49.9	45.8	-14.5
1972 .....	1,071.2	1,056.7	1,022.1	41.2	72.9	68.1	26.8
1973 .....	1,178.7	1,205.6	1,159.0	54.8	100.5	95.3	40.5
1974 .....	1,296.6	1,337.1	<sup>3</sup> 1,245.1	50.0	138.9	132.4	82.5
1975 .....	1,489.9	<sup>3</sup> 1,572.3					
<b>Burley, type 31</b>							
1971 .....	555.1	553.0	471.5	9.7	91.1	89.7	80.1
1972 .....	531.5	611.5	588.6	30.7	45.7	44.6	13.9
1973 .....	559.7	573.6	460.7	11.3	113.1	111.7	100.3
1974 .....	606.5	706.8	607.9	23.0	121.6	106.1	83.1
1975 .....	667.1	<sup>4</sup> 750.2					

<sup>1</sup> Under quota marketing less ineligible carryover. <sup>2</sup> Effective under quota marketings less over quota marketings. <sup>3</sup> Preliminary. <sup>4</sup> Subject to revision.

Compiled from records and reports of Tobacco and Peanut Division, ASCS.



and binder tobaccos under quota to see if the current tight supply justified increasing or suspending quotas.

On May 2 USDA announced its decision to suspend the quota for 1 year for cigar binder (types 51-52), as has been done annually for several years. Quotas were increased 10 percent for Virginia fire-cured, sun-cured, Wisconsin cigar binder, and Ohio filler tobaccos. No further change was made in quotas for Kentucky-Tennessee fire-cured, and dark air-cured (Green River and One-Sucker) tobaccos since quotas had been increased 12½ percent in January for these kinds and growers indicated they were going to plant more than last year.

The record prices paid for these tobaccos in 1974 indicate continued relatively short supplies. Last year harvested acreage fell considerably below allotted acreage, ranging from only 42 percent of the Virginia sun-cured allotment to 74 percent of the Wisconsin binder allotment.

### **Tobacco Program Hearings**

The House Subcommittee on tobacco began field hearings in June and will continue in July at six different locations. Hearings will consider crosscounty lease and transfer of tobacco allotments and tobacco price support levels. In May a subcommittee of the Senate Committee on Agriculture and Forestry held a hearing on a bill that would authorize crosscounty lease and transfer to tobacco allotments within the same State in the type 13 belt.

## **FLUE-CURED**

### **Leaf Stocks Steadying**

Revised April 1 stocks of flue-cured tobacco (types 11-14) totaled 1,932 million pounds, about the same as a year earlier. CCC loan stocks fell one-third to 204 million pounds, but privately held stocks (manufacturers and dealers) increased 7 percent. This is a continuation of the last 2 years' gain in trade holdings as total supplies shortened.

Total disappearance during July 1974-March 1975 was 920 million pounds, about 6 percent less than the corresponding period of 1973/74. Exports were down 2 percent and domestic disappearance fell 10 percent to 475 million pounds. Cigarette production fell 6 percent, but use of imported tobacco for cigarettes gained 7 percent. Most of the gain occurred in imported flue-cured and burley leaf, valued at 47 cents per pound.

### **Exports Off From 1973/74 Peak**

With sharply higher prices, U.S. flue-cured exports this marketing year are dipping below last season's record high level. For 10 months through April, exports totaled 485 million pounds, 3 percent below the same period of a year earlier.

Japan, the leading export destination for U.S. flue-cured tobacco, increased takings 16 percent in

July-April, although the recent boost in Japanese cigarette prices may temporarily slow the growth in their imports. With the United Kingdom's boost in tobacco taxes last year, U.S. volume to that country is down and may decline further in the 1975 season. Also, rising U.S. prices may encourage U.K. manufacturers to boost imports from sources enjoying preferential duties.

U.S. tobacco exports to West Germany are steadying in contrast to the up and down pattern of previous years when inventories were adjusted. South Vietnam's takings are already reduced from the peak of 19 million pounds in 1972/73 and are expected to be negligible next season. Increased takings by Egypt and several Mideast countries have helped hold up the export total.

### **Disappearance Decreasing**

Disappearance of flue-cured tobacco in the 1974/75 marketing year ending June 30 is about 5 percent below the record 1,301 million pounds used in 1973/74 (table 8) and about 6 percent above the 1968-72 marketing-year average.

Domestic use and exports both probably total 5 percent below last year's level. These prospects bring total disappearance to 1,240 million pounds, about the same as last season's marketings. Carryover remains near the 1,607 million pounds of a year earlier, but is still more than one-third below the 1965 record.

By June 30, flue-cured loan stocks will have fallen to the lowest level since 1954. During July 1974-May 1975, about 78 million pounds were sold, 115 million below 1973/74. Unsold Government loan stocks on May 31, 1975, totaled 100 million pounds, compared with 156 million a year earlier. The record was 960 million on January 1, 1975.

### **1975 Flue-cured Acreage Increased**

With the flue-cured basic quota up 15 percent, growers' March 1 intentions were to set about 15 percent more flue-cured acreage than in 1974. Acreage harvested has been within 2 percent of intentions for 13 of the past 15 seasons. As in 1974, compliance with acreage allotment is not required. Yet harvested acreage will again fall short of allotted acreage. In North Carolina, the principal production area, farm wages this spring averaged 9 percent over 1974, and the number of farmworkers remained near 1974 levels.

The 1975 effective flue-cured acreage allotment, reflecting last year's net overmarketings, is about 858,000 acres, and the effective poundage allotment is about 1,572 million pounds, up 18 percent from last year. In 1974, growers leased 31 percent of the poundage quota from other allotment owners within their county. The proportion is expected to remain near that level this year. Lease rates may have fallen this season. Since 1972, flue-cured marketing quotas can be leased and transferred throughout the season.

Table 8—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1965-75

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Beginning stocks <sup>1</sup>			Total supply
				Manufacturers and other	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Flue-cured, types 11-14							
1965 .....	562.3	1,883	1,059.0	1,636.9	918.5	2,555.4	3,614.4
1966 .....	607.0	1,825	1,107.9	1,602.5	836.4	2,438.9	3,546.8
1967 .....	610.3	2,070	<sup>2</sup> 1,250.0	1,587.1	685.4	2,272.5	3,522.5
1968 .....	533.0	1,841	<sup>2</sup> 995.6	1,528.1	773.4	2,301.5	3,297.1
1969 .....	576.8	1,825	1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970 .....	584.1	2,042	<sup>2</sup> 1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971 .....	525.8	2,050	<sup>2</sup> 1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972 .....	513.6	1,971	<sup>2</sup> 1,022.1	1,292.4	617.8	1,910.2	2,932.3
1973 .....	575.1	2,011	<sup>2</sup> 1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974 <sup>3</sup> .....	616.3	2,014	<sup>2</sup> 1,245.1	1,330.6	276.7	1,607.3	2,852.4
1975 <sup>4</sup> .....	707.2	2,000	1,400.0	1,447.4	165.0	1,612.4	3,012.4
Burley, type 31							
1965 .....	277.1	2,116	586.3	1,099.3	316.4	1,415.7	2,002.0
1966 .....	240.7	2,437	586.7	1,133.4	261.9	1,395.3	1,982.0
1967 .....	237.7	2,274	540.6	1,104.8	276.7	1,381.5	1,922.1
1968 .....	237.6	2,372	563.4	1,002.4	321.7	1,324.1	1,887.5
1969 .....	237.7	2,488	591.4	975.7	340.8	1,316.5	1,907.9
1970 .....	216.4	2,590	560.5	887.9	454.8	1,342.7	1,903.2
1971 .....	213.5	2,213	472.6	882.4	468.4	1,345.8	1,818.4
1972 .....	235.6	2,552	<sup>2</sup> 590.3	920.9	327.6	1,248.5	1,838.8
1973 .....	222.1	2,028	<sup>2</sup> 461.4	952.5	276.7	1,229.2	1,690.6
1974 <sup>3</sup> .....	261.2	2,345	<sup>2</sup> 609.0	931.5	139.2	1,070.7	1,679.7
1975 <sup>4</sup> .....	276.6	2,375	660.0	1,040.7	4.0	1,044.7	1,704.7
Disappearance			Average price per pound	Price support level	Placed under Government loan		
Total	Domestic	Exports			Quantity	Percentage of crop	
<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Cents</i>	<i>Cents</i>	<i>Million pounds</i>	<i>Percent</i>	
Flue-cured, types 11-14							
1965 .....	1,175.5	752.4	423.1	64.6	57.7	71.5	6.8
1966 .....	1,274.3	687.2	587.1	66.9	58.8	74.6	6.8
1967 .....	1,221.0	687.7	533.3	64.2	59.9	282.1	22.6
1968 .....	1,197.0	671.7	525.3	66.6	61.6	128.8	12.9
1969 .....	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970 .....	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971 .....	1,142.5	662.5	480.0	77.2	69.4	55.7	5.2
1972 .....	1,183.0	664.2	518.8	85.3	72.7	24.3	2.4
1973 .....	1,301.0	703.0	598.0	88.1	76.6	30.7	2.7
1974 .....	<sup>4</sup> 1,240.0	<sup>4</sup> 670.0	<sup>4</sup> 570.0	105.0	83.3	24.7	2.0
1975 .....					93.2		
Burley, type 31							
1965 .....	606.7	549.6	57.1	67.0	59.5	42.2	7.2
1966 .....	600.5	544.1	56.4	66.9	60.6	62.5	10.6
1967 .....	598.0	544.6	53.4	71.8	61.8	64.2	11.9
1968 .....	571.0	516.1	54.9	73.7	63.5	56.2	10.0
1969 .....	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970 .....	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971 .....	569.9	515.2	54.7	80.9	71.5	.2	---
1972 .....	609.6	534.5	75.1	79.2	74.9	22.9	3.9
1973 .....	619.0	533.1	86.8	92.9	78.9	.7	.1
1974 .....	<sup>4</sup> 635.0	<sup>4</sup> 545.0	<sup>4</sup> 90.0	113.7	85.8	2.8	---
1975 .....					96.1		

<sup>1</sup> July for flue-cured; October 1, for burley. <sup>2</sup> Sales. <sup>3</sup> Subject to revision. <sup>4</sup> Estimated; production is based on intended acreage and projected yield.

importing countries, crop years, 1973/74-1974/75 1/

1/ July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September for all other types. 2/ Subject to revision. Detail may not add to total due to rounding.

14 TS-152, JUNE 1975



Assuming a normal growing season, sufficient fuel for curing, and yields modified by the acreage-poundage program for the intended acreage, the crop may total about 1.4 billion pounds. Production at this level, plus the prospective carryover, would make the total 1975/76 supply little larger than the 2.85 billion pounds in 1974/75.

### 1975 Price Support Details

USDA announced on June 11 the proposed 1975 loan rates for the various grades of tobacco. Rates range from 68 cents to \$1.18 a pound for untied leaf, reflecting the national average support level of 93.2 cents a pound. This is about 12 percent above 1974. Grade price supports increased 5 to 13 cents per pound over 1974. Of the 158 grades, 18 were increased 5 to 7 cents per pound, 20 went up 8 cents, 17 went up 9 cents, 43 went up 10 cents, 21 went up 11 cents, 29 went up 12 cents, and 16 went up 13 cents. The largest increases were for leaf grades, which accounted for over half of farm sales in recent years. Price support on tied tobacco again will be the same as on untied tobacco.

As in the past, no price support will be offered in 1975 on any tobacco graded N2 (Nondescript 2), No-G (No Grade), U (Unsound), W (Doubtful keeping order), or scrap. Sales of such tobacco will be charged against individual farm quotas to discourage the marketing of these grades.

## BURLEY

### Burley Use Stabilizing

Exports fell from last season's high level, but domestic use of burley remained about the same in the first half of the marketing year (October-March). At 306 million pounds, disappearance was 2 percent below a year earlier. Domestic use totaled 281 million pounds, down 2 million. Concurrently, cigarette output fell 7 percent.

For the first 7 months of this marketing year, burley exports totaled 35 million pounds, 5 million below a year earlier. Italy, the Netherlands, and West Germany took less while Japan took more. Thailand's purchases may remain reduced. On an unstemmed-leaf basis, burley exports averaged \$1.38 per pound this past July-April, about one-fifth above a year earlier.

### Carryover Steadying

Despite last year's low carryin, burley users have maintained usage. By April 1, with the larger 1974 crop in storage, stocks totaled 1,374 million pounds, about the same as a year earlier. On May 31, loan holdings were one-fourth of the 163 million pounds of a year earlier. With the cigarette production holding steady, domestic utilization of burley tobacco this season may not exceed the 532 million pounds in 1973/74. Exports

may equal last year's 87 million pounds. Based on these prospects, total disappearance will stay near last season's 619 million pounds. This would leave an October 1 carryover close to the 1,229 million pounds of a year earlier. Virtually all these stocks will be held by private firms since all loan stocks are sold.

The effective burley poundage quota is up 6 percent and March intentions indicate farmers will set about 7 percent more burley acreage than last year. That would represent the largest crop since 1965. Assuming yields average near the 1970-74 level, production on the intended acreage would total 660 million pounds, about 8 percent more than last year's crop. Indicated carryover plus the projected crop would result in 1975/76 supply about the same as this year's 1.7 billion pounds.

## SOUTHERN MARYLAND

### Prices Average Higher

Demand for better quality Maryland tobacco (type 32) improved again this year, carrying the season average price to a record high. However, prices of many of the lower quality grades were lower. Maryland tobacco goes almost entirely into cigarettes. Auction sales began April 15 and ended June 13. The 1974 crop in Maryland is estimated at about 9 percent less than the previous year's output. Market receipts about equalled the crop estimate. The yield was close to last year's record.

Growers have not approved marketing quotas since the 1965 crop and Maryland tobacco has not been eligible for government price support. Supplies dropped about 45 percent between 1966 and 1972, but have since rebounded. Disappearance during the first half of the marketing year (October 1974-March 1975) was 16.3 million pounds, about 3.6 million above a year earlier. Both domestic disappearance and exports increased. In the first 7 months of the current marketing year, exports totaled .6 million pounds above a year earlier.

### Carryover May Stabilize

For the 1974/75 season ending in September, disappearance of Maryland tobacco is expected to exceed last season's 26 million pounds (table 10). Supplies are above last season. Carryover next January 1 (the date used for marketing quota calculations) may be slightly above this year.

Based on farmers' March acreage intentions and average yield, the 1975 crop produced in Maryland may be down from 1974. Over the past decade, harvested acreage generally has fallen about 5 percent short of March plans. March plans are made before the previous season's crop has been marketed (mid-April to mid-June). But if the prospective crop is achieved, the supply for 1975/76 would be about the same as the 84 million pounds for this season.

Table 10—Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1968-75

Marketing year	Acreage harvested	Yield per acre	Supply			Disappearance <sup>1</sup>			Average price per pound to growers
			Production	Stocks, Jan. 1	Total	Total	Domestic	Exports	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Cents</i>
1968 .....	29.0	1,100	31.9	81.5	113.4	48.7	38.3	10.4	69.8
1969 .....	26.5	1,060	28.1	66.7	94.8	41.3	29.1	12.2	75.1
1970 .....	27.0	1,090	29.4	50.1	79.5	39.5	27.6	11.9	78.6
1971 .....	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972 .....	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973 <sup>2</sup> .....	27.8	1,260	35.0	43.8	78.8	26.0	13.7	12.3	87.8
1974 <sup>2</sup> .....	26.0	1,250	32.5	51.8	84.3	<sup>3</sup> 33.1	<sup>3</sup> 17.2	<sup>3</sup> 15.9	92.2
1975 <sup>4</sup> .....	25.0	1,250	31.2	53.0	84.2				

<sup>1</sup> Year beginning October 1. <sup>2</sup> Includes sales and certification data from production in quota areas. <sup>3</sup> Estimated. <sup>4</sup> Estimated production based on intended acreage and projected yield (includes production in quota areas) and estimated carryover.

## FIRE-CURED

### Disappearance Lower

Disappearance of fire-cured tobacco (types 21-23) during the first half of the marketing year that began October 1, 1974, was 19 million pounds, about one-fourth below a year earlier and the lowest on record. Both exports and domestic use were down. Disappearance is expected to remain below last year for the remainder of the season, but the total will still exceed production. So carryover stocks this October would fall about 13 percent from last October's (table 11).

Due to sharply higher prices in last season's markets, growers of fire-cured tobacco may increase acreage. According to March 1 planting intentions, increases are expected in Kentucky and Tennessee. On intended acreage with an average yield adjusted for trend, growers would produce a crop of about 32 million pounds, about one-fourth larger than in 1974 when yields and acreage were both off. Projected output would still fall 4 percent short of the 1969-73 average. The supply for 1975/76 may be about the same as this season's.

Exports of fire-cured tobacco in 1974/75 may decline from last season. Exports of 9.1 million pounds of types 22-23 during October 1974-April 1975 were 3.3 million lower than a year earlier. The Netherlands and France, usually the leading outlets, decreased their takings. Exports of Virginia fire-cured tobacco, at 3.4 million pounds in October 1974-April 1975, were about ½ million above a year earlier.

## DARK AIR-CURED

### Supplies Declining

Total disappearance of dark air-cured and sun-cured tobacco (types 35-37) during the first half of the current marketing year was 9 million pounds, a tenth below a year earlier. Domestic disappearance was the same as the

first half of the 1972/73 season. For the year ending September 30, 1975, total disappearance may decline. But it will exceed last year's short crop, leaving another reduced carryover (table 12).

Growers of dark air-cured and sun-cured tobacco plan to set about 9 percent more acreage this year than last year's record-low 7,680 acres. With carryin stocks likely to be down, the 1975/76 supply will be slightly below the 52 million pounds in 1974/75.

Domestic disappearance of dark air-cured tobacco follows a cyclical pattern, so in the year ending in September disappearance may fall from the high level of last year. During the first half of the current marketing year, the manufacture of plug chewing tobacco—a major domestic outlet for this dark air-cured tobacco—remained about the same as last year. Exports of Black Fat tobacco—a semiprocessed product of mostly dark air-cured and fire-cured leaf—increased in October 1974-April 1975 from the year-earlier level of 1.5 million pounds, as the several African destinations took more.

## CIGAR TOBACCO

### 1975 Prospects

Supplies of domestically grown cigar tobacco are smaller again this year, due to lower production and carryover stocks. Production in 1975/76 is projected to fall about 6 percent from last year's crop. According to March 1 intentions, a 7-percent decrease is expected for filler, while binder may increase slightly. Wrapper production may decline by one-fourth to only 8 million pounds.

By April 1, holdings of U.S. and Puerto Rican cigar tobacco (types 41-62) totaled 147 million pounds, slightly larger than a year earlier. The increase was primarily in the filler and wrapper types as holdings of binders decreased. On April 1, U.S. stocks of foreign-grown cigar tobacco were 129 million pounds, about 7 percent above a year earlier.



Table 11--Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-75

(Farm-sales weight)							
Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks, October 1 -- Manufacturers and other	Under loan	Total	Total supply
Thousand acres	Pounds	Million pounds					
Kentucky-Tennessee fire-cured, types 22-23							
1967	17.3	1,702	29.5	64.0	27.3	91.3	120.8
1968	17.9	1,822	32.6	57.3	21.5	78.8	111.4
1969	19.0	1,797	34.1	61.1	11.6	72.7	106.8
1970	17.7	1,749	30.9	54.1	9.7	63.8	94.7
1971	19.5	1,928	37.6	48.6	4.7	53.3	90.9
1972	20.4	1,844	37.6	55.0	1.2	56.2	93.8
1973	16.6	1,668	27.7	54.2	3.1	57.3	85.0
1974	16.2	1,602	26.0	44.0	1.1	45.1	71.1
1975 1/	18.1	1,785	2/32.3			2/39.1	2/71.4
Virginia fire-cured, type 21							
1967	5.4	1,290	7.0	12.1	2.7	14.8	21.8
1968	4.9	1,205	5.9	8.9	2.8	11.7	17.6
1969	5.0	1,340	6.7	8.0	1.9	9.9	16.6
1970	5.0	1,230	6.2	8.4	1.4	9.8	16.0
1971	5.0	1,180	5.9	8.0	1.0	9.0	14.9
1972	4.8	970	4.7	7.9	.4	8.3	13.0
1973	4.7	1,205	5.7	7.6	3/	7.6	13.3
1974	5.0	1,185	5.9	7.1	---	7.1	13.0
1975 1/	4.9	1,165	2/5.7			2/7.5	2/13.2
Disappearance		Average price		Price support		Place under Government loan	
Total	Domestic	Exports	per pound	level	Quantity	Percentage of crop	
Million pounds			Cents		Million pounds	Percent	
Kentucky-Tennessee fire-cured, types 22-23							
1967	42.0	14.9	27.1	46.2	41.9	.8	2.7
1968	38.7	4/19.1	19.6	51.1	43.1	.4	1.2
1969	43.0	18.5	24.5	48.1	44.6	1.9	5.6
1970	41.4	13.1	28.3	54.4	46.6	3/	.1
1971	34.7	16.0	18.7	60.8	48.5	3/	.1
1972	36.5	14.2	22.3	57.3	50.8	2.8	7.4
1973	39.9	15.7	24.2	71.7	53.5	.2	.7
1974	2/32.1	2/13.1	2/19.0	93.3	58.2	.7	2.7
1975				65.2			
Virginia fire-cured, type 21							
1967	10.1	3.4	6.7	40.9	41.9	.7	10.1
1968	7.7	3.0	4.7	46.9	43.1	.2	3.4
1969	6.8	1.7	5.1	53.1	44.6	.1	1.5
1970	7.0	2.4	4.6	52.0	46.6	.1	2.0
1971	6.6	3.1	3.5	54.8	48.5	.1	1.0
1972	5.4	1.3	4.1	64.2	50.8	3/	.1
1973	6.2	1.7	4.5	75.5	53.5	3/	---
1974	2/5.5	2/0.9	2/4.6	81.7	58.2	.3	4.5
1975				65.2			

1/ Based on March 1 prospective plantings and average yield with allowance for trend and estimated stocks. 2/ Estimated. 3/ Less than 50,000 pounds. 4/ Includes 4.7 million pounds fire loss, April 1969.

**Table 12— Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1967-75 (Farm-sales weight)**

*Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply
				Manufacturers and others	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>
Dark air-cured, types 35-36							
1967 .....	9.5	1,629	15.5	39.2	21.3	60.5	76.0
1968 .....	9.8	1,831	18.0	41.1	17.1	58.2	76.2
1969 .....	10.1	1,793	18.1	44.1	15.0	59.1	77.2
1970 .....	8.2	1,863	15.4	35.5	18.2	53.7	69.1
1971 .....	8.6	1,834	15.7	35.5	14.3	49.8	65.5
1972 .....	8.2	1,875	15.5	33.5	12.7	46.2	61.7
1973 .....	7.6	1,647	12.4	31.9	12.8	44.7	57.1
1974 .....	7.0	1,653	11.6	31.4	5.5	36.9	48.5
1975 <sup>1</sup> .....	7.7	1,780	<sup>2</sup> 13.7			<sup>2</sup> 34.6	<sup>2</sup> 48.3
Sun-cured, type 37							
1967 .....	1.2	1,090	1.3	4.2	0	4.2	5.5
1968 .....	1.1	1,095	1.2	3.9	0	3.9	5.1
1969 .....	1.1	1,225	1.3	3.8	0	3.8	5.1
1970 .....	1.0	1,100	1.1	3.3	0	3.3	4.4
1971 .....	.9	1,200	1.1	3.1	0	3.1	4.2
1972 .....	.8	1,010	.8	3.0	0	3.0	3.8
1973 .....	.7	1,320	.9	3.2	0	3.2	4.1
1974 .....	.7	1,315	.9	3.0	0	3.0	3.9
1975 <sup>1</sup> .....	.7	1,140	<sup>2</sup> .8			<sup>2</sup> 2.0	<sup>2</sup> 2.8
Disappearance							
			Average price per pound	Price support level	Placed under Government loan		
Total	Domestic	Exports			Quantity	Percentage of crop	
<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Cents</i>	<i>Cents</i>	<i>Million pounds</i>	<i>Percent</i>	
Dark air-cured, types 35-36							
1967 .....	17.8	14.8	3.0	40.8	37.3	1.4	9.0
1968 .....	17.1	15.0	2.1	47.4	38.3	.7	3.9
1969 .....	23.5	21.2	2.3	40.3	39.7	4.8	26.5
1970 .....	19.3	16.7	2.6	46.0	41.4	1.0	6.8
1971 .....	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972 .....	17.0	14.7	2.3	50.3	45.2	1.2	.8
1973 .....	20.2	17.4	2.8	61.9	47.6	( <sup>3</sup> )	.2
1974 .....	<sup>2</sup> 14.1	<sup>2</sup> 11.3	<sup>2</sup> 2.8	76.9	51.8	.3	2.6
Sun-cured, type 37							
1967 .....	1.6	1.2	.4	45.2	37.3	<sup>4</sup> 25	1.9
1968 .....	1.3	1.1	.2	53.2	38.3	<sup>4</sup> 1	.1
1969 .....	1.8	1.5	.3	52.8	39.7	<sup>4</sup> 1	.1
1970 .....	1.3	1.1	.2	53.8	41.4	<sup>4</sup> 3	.3
1971 .....	1.2	1.0	.2	54.1	43.1	0	---
1972 .....	.6	.4	.2	57.9	45.2	0	---
1973 .....	1.1	.9	.2	69.2	47.6	0	---
1974 .....	<sup>2</sup> 1.9	<sup>2</sup> 1.7	<sup>2</sup> .2	82.1	51.8	<sup>4</sup> 2	2.1
1975 .....							

<sup>1</sup> Based on March 1 prospective plantings and average yield with allowance for trend and estimated stocks. <sup>2</sup> Estimated.

<sup>3</sup> Less than 50,000 pounds. <sup>4</sup> Quantity placed under Government loan reported in thousand pounds.

Table 13—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-75

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks <sup>1</sup>	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Pennsylvania Seedleaf Filler (type 41)									
1967	21.0	1,825	38.3	112.3	150.6	41.9	41.3	0.6	28.0
1968	21.0	1,775	37.3	108.7	146.0	40.9	40.0	.9	30.0
1969	20.0	1,825	36.5	105.1	127.9	44.3	43.7	.6	30.0
1970	17.0	1,800	30.6	97.3	129.3	40.9	40.7	.2	31.0
1971	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973	13.0	1,700	22.1	53.7	75.8	<sup>2</sup> 28.3	<sup>2</sup> 27.5	<sup>2</sup> .8	52.0
1974	13.0	2,000	26.0	47.5	73.5	<sup>2</sup> 24.2	<sup>2</sup> 24.0	<sup>2</sup> .2	58.0
1975 <sup>3</sup>	12.5	1,900	<sup>4</sup> 23.8	<sup>2</sup> 49.3	<sup>2</sup> 73.1				
Ohio, Miami Valley Filler (types 42-44)									
1967	2.3	1,580	3.6	15.5	19.1	6.2	6.2	---	29.0
1968	2.0	1,670	3.4	12.9	16.3	5.4	5.4	---	31.0
1969	1.7	1,650	2.8	10.9	13.7	4.7	4.7	---	32.5
1970	1.6	1,750	2.9	9.0	11.9	4.1	4.1	---	38.0
1971	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973	2.2	1,420	3.1	6.8	9.9	<sup>2</sup> 4.0	<sup>2</sup> 4.0	---	51.0
1974	2.0	1,650	<sup>4</sup> 3.3	5.9	9.2	<sup>2</sup> 3.4	<sup>2</sup> 3.4	---	59.0
1975 <sup>3</sup>	2.0	1,650	<sup>4</sup> 3.3	<sup>2</sup> 5.8	<sup>2</sup> 9.1				
Puerto Rico Filler (type 46)									
1967	7.6	1,419	10.8	40.5	51.3	16.9	16.9	---	<sup>\$</sup> 33.1
1968	6.0	1,282	7.6	34.4	42.0	16.2	16.2	---	<sup>\$</sup> 33.3
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	<sup>\$</sup> 33.6
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	<sup>\$</sup> 36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	<sup>\$</sup> 39.8
1972	5.6	1,883	4.8	12.7	17.5	8.3	8.3	---	<sup>\$</sup> 42.1
1973	4.5	1,435	6.5	9.2	15.7	5.7	5.7	---	<sup>\$</sup> 41.2
1974	<sup>6</sup> 2.8	1,600	4.5	10.0	14.5	<sup>2</sup> 4.7	<sup>2</sup> 4.7	---	( <sup>7</sup> )
1975 <sup>3</sup>	<sup>6</sup> 2.8	1,600	<sup>2</sup> 4.5	<sup>2</sup> 9.8	<sup>2</sup> 14.3				
Total Cigar Filler (types 41-46)									
1967	30.9	1,707	52.7	168.3	221.0	65.0	64.4	.6	29.1
1968	29.0	1,666	48.3	156.0	204.3	62.5	61.6	.9	30.5
1969	26.4	1,721	45.4	141.8	187.2	61.6	61.0	.6	30.6
1970	21.8	1,737	38.0	125.6	163.6	53.8	53.6	.2	32.1
1971	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973	19.7	1,450	31.7	69.7	101.4	38.0	<sup>2</sup> 37.2	<sup>2</sup> .8	49.7
1974	17.8	1,720	<sup>4</sup> 33.8	<sup>2</sup> 63.4	<sup>2</sup> 97.2	<sup>2</sup> 32.3	<sup>2</sup> 32.1	<sup>2</sup> .2	55.9
1975 <sup>3</sup>	17.3	1,640	<sup>4</sup> 31.6	<sup>2</sup> 64.9	<sup>2</sup> 96.5				
Connecticut Valley Binder (types 51-52)									
1967	1.5	1,819	2.7	16.4	19.1	7.9	5.7	2.2	54.5
1968	1.6	1,808	2.8	11.2	14.0	5.1	4.7	.4	59.5
1969	1.6	1,434	2.3	8.9	11.2	4.2	3.9	.3	58.2
1970	1.7	1,756	2.9	7.0	9.9	2.7	2.4	.3	65.5
1971	1.6	1,743	2.8	7.2	10.0	2.6	2.5	.1	70.1
1972	1.6	1,600	2.5	7.4	9.9	2.4	2.3	.1	72.8
1973	1.6	1,721	2.7	7.5	10.2	<sup>2</sup> 3.2	<sup>2</sup> 3.1	<sup>2</sup> .1	72.8
1974	1.4	1,740	<sup>4</sup> 2.5	<sup>2</sup> 7.0	<sup>2</sup> 9.5	<sup>2</sup> 2.9	<sup>2</sup> 2.7	<sup>2</sup> .2	82.0
1975 <sup>3</sup>	1.4	1,715	<sup>4</sup> 2.4	<sup>2</sup> 6.6	<sup>2</sup> 9.0				
Southern Wisconsin Binder (type 54)									
1967	3.8	1,905	7.2	20.7	27.9	8.0	8.0	---	34.4
1968	3.7	1,990	7.4	19.9	27.3	7.7	7.7	---	36.8
1969	3.7	1,740	6.4	19.6	26.0	9.3	9.3	---	36.8
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	40.2
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	50.3
1972	5.0	1,685	8.4	20.3	28.7	9.3	9.3	---	48.0
1973	4.9	1,950	9.6	19.4	29.0	10.1	10.1	---	60.5
1974	4.7	1,925	9.7	18.9	28.6	<sup>2</sup> 7.5	7.5	---	74.9
1975 <sup>3</sup>	5.2	1,925	<sup>4</sup> 10.0	<sup>2</sup> 21.1	<sup>2</sup> 31.1				
Northern Wisconsin Binder (type 55)									
1967	4.5	1,975	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968	4.0	1,670	6.7	28.9	35.6	14.9	14.5	.4	37.9
1969	3.7	1,815	6.7	20.7	27.4	8.8	8.5	.3	43.4
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	9.9	9.9	*	54.0
1972	5.8	1,770	10.3	19.0	29.3	9.8	9.8	*	49.0
1973	5.3	1,775	9.4	19.5	28.9	12.0	12.0	*	60.7
1974	4.7	1,825	8.8	16.9	25.7	<sup>2</sup> 11.6	<sup>2</sup> 11.6	*	75.4
1975 <sup>3</sup>	5.0	1,960	<sup>4</sup> 9.8	<sup>2</sup> 14.1	<sup>2</sup> 23.9				

See footnotes at end of table.

Table 13—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1967-75—Cont.

(Farm-sales weight)									
Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks <sup>1</sup>	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total Wisconsin Binder (types 54-55)									
1967	8.3	1,943	16.1	50.0	66.1	17.3	16.9	0.4	34.2
1968	7.7	1,824	14.1	48.8	62.9	22.6	22.2	.4	37.3
1969	7.4	1,778	13.1	40.3	53.4	18.1	17.8	.3	41.8
1970	8.8	1,095	18.4	35.3	53.7	16.5	16.4	.1	51.1
1971	10.6	2,125	22.5	37.2	59.7	20.4	20.4	*	54.9
1972	10.8	1,731	18.7	39.3	58.0	19.1	19.1	*	48.5
1973	10.2	1,859	19.0	38.9	57.9	22.2	22.2	*	60.6
1974	9.4	1,875	18.5	35.8	54.3	<sup>2</sup> 19.1	<sup>2</sup> 19.1	*	75.1
1975 <sup>3</sup>	10.2	1,940	<sup>4</sup> 19.8	<sup>2</sup> 35.2	<sup>2</sup> 55.0				
Total Cigar Binder (types 51-55)									
1967	9.8	1,924	18.8	66.4	85.2	25.2	22.6	2.6	37.1
1968	9.3	1,821	16.9	60.0	76.9	27.7	26.9	.8	41.0
1969	9.0	1,716	15.4	49.2	64.6	22.3	21.7	.6	44.3
1970	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1
1971	12.2	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972	12.4	1,714	21.2	46.7	67.9	21.5	21.4	.1	51.1
1973	11.8	1,841	21.7	46.4	68.1	25.4	25.3	.1	62.1
1974	10.8	1,857	21.0	42.8	63.8	<sup>2</sup> 22.0	<sup>2</sup> 21.8	<sup>2</sup> .2	76.0
1975 <sup>3</sup>	11.6	1,915	<sup>4</sup> 22.2	<sup>2</sup> 41.9	<sup>2</sup> 64.0				
Connecticut Valley Shade-grown (type 61)									
1967	8.5	1,124	9.6	16.0	25.6	12.9	9.6	3.3	360.0
1968	8.4	1,215	10.2	12.7	22.9	10.8	9.1	1.7	280.0
1969	6.3	1,288	8.1	12.1	20.2	8.0	7.0	1.0	400.0
1970	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971	4.7	1,635	7.7	13.9	21.6	8.4	5.7	2.7	400.0
1972	4.1	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973	5.0	1,210	6.1	10.7	16.8	8.3	6.4	1.9	515.0
1974	4.9	1,637	7.8	8.5	16.3	<sup>2</sup> 5.1	<sup>2</sup> 2.0	<sup>2</sup> 3.1	600.0
1975 <sup>3</sup>	4.5	1,470	<sup>4</sup> 6.6	<sup>2</sup> 11.2	<sup>2</sup> 17.8				
Georgia-Florida Shade-grown (type 62)									
1967	5.1	1,573	8.0	8.7	16.7	7.9	6.3	1.6	245.0
1968	5.0	1,556	7.9	8.8	16.7	9.2	7.1	2.1	270.0
1969	5.0	1,569	7.8	7.5	15.3	6.1	5.2	.9	280.0
1970	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973	2.6	1,413	3.7	7.0	10.7	4.2	3.7	.5	350.0
1974	1.9	1,725	3.2	6.5	9.7	<sup>2</sup> 3.3	<sup>2</sup> 3.2	<sup>2</sup> .1	380.0
1975 <sup>3</sup>	1.1	1,545	<sup>4</sup> 1.7	<sup>2</sup> 6.4	<sup>2</sup> 8.1				
Total Shade-grown (types 61-62)									
1967	13.6	1,292	17.6	24.7	42.3	20.8	15.9	4.9	308.0
1968	13.4	1,343	18.1	21.5	39.6	20.0	16.2	3.8	276.0
1969	11.3	1,411	15.9	19.6	35.5	14.1	12.2	1.9	341.3
1970	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	351.0
1971	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972	7.1	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973	7.6	1,280	9.8	17.7	27.5	12.5	10.1	2.4	452.2
1974	6.8	1,661	11.0	15.0	26.0	<sup>2</sup> 8.4	<sup>2</sup> 5.2	<sup>2</sup> 3.2	536.1
1975 <sup>3</sup>	5.6	1,480	<sup>4</sup> 8.3	<sup>2</sup> 17.6	<sup>2</sup> 25.9				
Grand Total Cigar Tobacco (types 41-62)									
1967	54.3	1,642	89.1	259.4	348.5	111.0	102.9	8.1	85.7
1968	51.7	1,610	83.3	237.5	320.8	110.2	104.7	5.5	85.9
1969	46.7	1,645	76.7	210.6	287.3	98.0	94.9	3.1	97.7
1970	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974	35.4	1,750	65.8	121.2	187.0	<sup>2</sup> 62.7	<sup>2</sup> 59.1	<sup>2</sup> 3.6	142.5
1975 <sup>3</sup>	34.5	1,705	<sup>4</sup> 62.1	<sup>2</sup> 124.3	<sup>2</sup> 186.4				

<sup>1</sup> October 1 for types 41-55; July 1 for types 61-62. <sup>2</sup> Estimated. <sup>3</sup> Includes estimated carryover. <sup>4</sup> Estimated production based on March 1 intended acreage and projected yields. <sup>5</sup> Excludes payment by Puerto Rican Government; 20 cents per pound in 1974. <sup>6</sup> Puerto Rican planting occurs late in calendar year; projected for 1975. <sup>7</sup> Evaluated at 41.2 cents per pound. \* Less than 50,000 pounds.



During October 1974-April 1975, manufacturers used about 88 million pounds of imported cigar tobacco, about 4 million above a year earlier. Imports from Brazil and Indonesia gained while those from the Philippines declined sharply.

U.S. cigar tobacco acreage may decline about 3 percent in 1975. The decrease will occur in filler and wrapper types, despite significant price gains by growers last season. This year USDA again terminated Connecticut Valley binder allotments (types 51-52). Also, USDA transferred filler and binder allotments (types 42-44 and 53-55) to growers who wanted to increase their 1975 plantings. Under terms of this annual reallocation, USDA transferred the allotments from growers who did not wish to use their allotments this year. In Wisconsin, 1,662 acres were reallocated and 945 acres were reallocated in Ohio.

#### Filler Supply Lower, Disappearance Down

Disappearance of cigar filler tobacco during October-March was 25 million pounds, 6 million pounds below a year earlier. During October 1974-April 1975, filler exports—a relatively small part of total disappearance—also decreased to 121,000 pounds, sharply below the 602,000 pounds a year earlier.

Based on historical trends and partial 1974/75 data, disappearance of filler tobacco may drop 15 percent from 1973/74. Declines are indicated for Pennsylvania, Puerto Rican, and Ohio types. Since filler disappearance is expected to surpass production by about 1 million pounds, carryover on October 1 may total around 65 million pounds, the second lowest on record (table 13).

#### Binder Disappearance Mixed

Cigar binder disappearance for October 1974-March 1975, at 11 million pounds, was down 2 million from a year earlier. Wisconsin binder (types 54-55) declined while Connecticut Valley binder (types 51-52) remained about the same.

Disappearance of Connecticut Valley binder tobacco for 1974/75 is estimated above last season's output so carryover this October 1 may decline slightly to 6.6 million.

Despite gains in loose leaf chewing tobacco production and manufacturers' preference for Wisconsin tobacco, use may not rise much above 19 million pounds—3 million below last season. Therefore, carryover stocks probably will decline slightly to 35 million pounds.

#### Wrapper Use Falters

Disappearance of shade-grown wrapper (types 61-62) during July 1974-March 1975 totaled 7 million pounds, 3 million below the year-earlier period. Exports were up and domestic use down. Prices to growers increased 19 percent last season. For the year ending June 30, 1975, cigar wrapper disappearance is expected to be down about a third from 1973-74. Carryover will be up about one-sixth. During the first 10 months of the marketing year, cigar wrapper exports were 3.2 million pounds, up 1.5 million from a year earlier. The United Kingdom, the major destination, took more earlier in the year than last year.

## WORLD TOBACCO TRADE REVIEW, 1974

#### Trade Up Again in 1974

World tobacco leaf trade rose again last year to surpass the previous year's record. Although U.N. sanctions against Rhodesian tobacco have continued, substantial quantities of Rhodesian tobaccos apparently are moving in world trade. Oriental leaf supplies are in better balance with use than a few years ago. However, better quality cigarette tobacco has remained in short supply.

World import trade volume (excluding the Sino-Soviet countries) increased 10 percent from 1974 to 2,539 million pounds of unmanufactured tobacco. World exports gained 15 percent last year. Exports exceed imports because the Sino-Soviet countries are net importers. The United States, the world's leading producer and exporter of tobacco, supplied about one-fourth of the free-world exports in 1975 (table 14) slightly lower than 1974. U.S. exports during 1974 remained at a high level. The United States shipped about two-fifths of the world's flue-cured total in 1974.

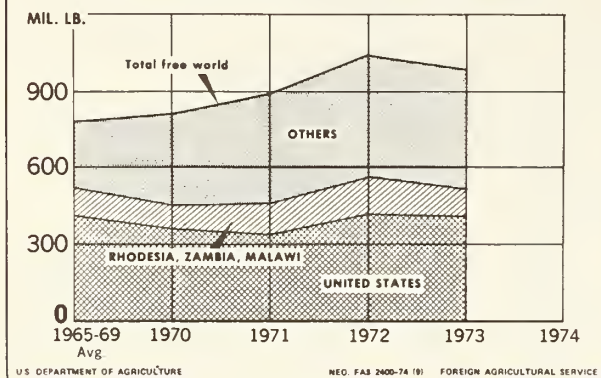
Table 14.—Exports of unmanufactured tobacco from the leading exporting countries, 1971-74

Country	1971	1972	1973	1974
	Million pounds	Million pounds	Million pounds	Million pounds
United States .....	473	606	613	651
Turkey .....	180	269	239	248
Greece .....	131	163	101	148
India .....	122	176	183	186
Rhodesia .....	<sup>1</sup> 100	<sup>1</sup> 120	<sup>1</sup> 80	<sup>1</sup> 80
Brazil .....	135	142	143	<sup>1</sup> 202
Philippine Republic .....	102	84	74	<sup>1</sup> 71
Dominican Republic .....	57	72	69	<sup>1</sup> 93
Canada .....	52	53	62	74
Malawi .....	46	54	59	<sup>1</sup> 59
Total 10 countries .....	1,398	1,739	1,624	<sup>1</sup> 1,809
Ten countries as percentage of world total				
	Percent	Percent	Percent	Percent
	74	74	69	66

<sup>1</sup> Estimated.



## FREE WORLD EXPORTS OF FLUE-CURED TOBACCO



The 10 leading exporting countries accounted for 66 percent of total free-world exports last year, less than in 1973 (table 15). The leaders' share has been cut back from an average of 87 percent in 1955-59. Many other countries are attempting to expand tobacco production as a source of valuable export earnings, although their exports sell for one-half or less of U.S. prices. Among the nine countries of Mexico, Argentina, Paraguay,

Colombia, South Africa, Taiwan, South Korea, Pakistan, and Thailand, tobacco exports increased an estimated 38 percent from the 292 million pounds in 1973. The total was more than 2½ times the annual average of 100 million pounds in 1960-64.

### Import Highlights

The United States last year ranked third as an importer of cigarette and cigar tobaccos, mainly for blending with domestic types. West Germany and the United Kingdom ranked first and second, respectively, among tobacco-importing countries. The 12 leading importing countries, excluding the United States, accounted for 70 percent of total free-world imports in 1974 (table 16). Including U.S. imports, the 13 countries accounted for 82 percent, about the same proportion as in 1973.

Last year the United Kingdom imported 362 million pounds of tobacco, 10 percent above the quantity in 1973. Receipts from the United States dropped 18 percent; those from the Commonwealth and foreign countries gained a larger share. In 1974, gross clearances of tobacco from bond—an approximate measure of home use and exports combined—dropped 2 percent.

Table 15—United States and world production and exports of flue-cured and all unmanufactured tobacco, 1955-74

Period	Flue-cured			All tobacco		
	United States	World total	United States as percentage of total	United States <sup>1</sup>	World total	United States as percentage of total
Average: 1955-59 ..... 1960-64 .....  1965 ..... 1966 ..... 1967 ..... 1968 ..... 1969 ..... 1970 ..... 1971 ..... 1972 ..... 1973 <sup>2</sup> ..... 1974 <sup>2</sup> .....  Average: 1955-59 ..... 1960-64 .....  1965 ..... 1966 ..... 1967 ..... 1968 ..... 1969 ..... 1970 ..... 1971 ..... 1972 ..... 1973 <sup>2</sup> ..... 1974 <sup>2</sup> .....	Million pounds		Percent	Million pounds		Percent
	Production (farm-sales weight)					
	1,208	2,914	41	1,941	8,519	23
	1,335	3,305	41	2,211	8,898	25
	1,059	3,469	31	1,871	9,620	19
	1,108	3,531	31	1,899	9,636	20
	1,263	3,859	33	1,979	10,368	19
	982	3,649	27	1,721	9,833	18
	1,053	3,823	28	1,810	9,821	18
	1,193	3,937	30	1,911	10,021	19
	1,078	3,918	28	1,712	9,865	17
	1,012	4,076	25	1,754	10,155	17
	1,157	4,404	27	1,744	10,670	17
	1,241	4,819	26	1,991	11,397	17
	Exports (unmanufactured, export weight) <sup>3</sup>					
	413	683	60	500	1,434	35
	397	772	52	497	1,691	30
	351	844	42	468	1,815	26
	423	710	60	551	1,689	33
427	750	57	572	1,821	31	
444	800	56	599	1,801	33	
430	833	52	577	1,810	32	
368	810	45	510	1,838	28	
342	893	38	473	1,890	25	
425	1,047	41	606	2,355	26	
418	1,002	42	613	2,370	26	
441	---	---	651	2,726	24	

<sup>1</sup> Includes Puerto Rico. <sup>2</sup> Subject to revision. <sup>3</sup> Total excludes Sino-Soviet countries, Foreign data supplied by the Tobacco Division, Foreign Agricultural Service.

--Not available.

Table 16—Tobacco imports of ranking foreign and percentage supplied by the United States, 1971-74

Country	Total tobacco imports <sup>1</sup>				Percentage supplied by the United States				
	1971	1972	1973	1974 <sup>2</sup>	1970	1971	1972	1973	1974 <sup>2</sup>
	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Percent	Percent	Percent	Percent
West Germany .....	341	322	371	444	25	30	30	27	26
United Kingdom .....	269	298	328	362	41	36	40	39	29
France .....	168	178	172	178	7	5	7	4	6
Netherlands .....	126	137	152	<sup>3</sup> 160	30	26	25	21	19
Japan .....	100	132	127	170	60	54	52	54	50
Belgium-Luxembourg .....	74	77	84	88	22	20	17	15	12
Spain .....	93	57	59	77	6	8	12	7	10
Switzerland .....	66	68	80	79	40	48	46	34	41
Canary Islands .....	61	65	57	<sup>3</sup> 65	1	*	*	*	*
Italy .....	38	48	50	65	38	53	48	38	27
Denmark .....	33	38	61	30	65	48	60	59	43
Sweden .....	27	33	28	21	70	56	64	64	61

<sup>1</sup> Unmanufactured tobacco. <sup>2</sup> Subject to revision. <sup>3</sup> Estimated. \* Less than 0.5 percent.

Compiled from reports of Foreign Agricultural Service.

West Germany's imports (arrivals) increased to 444 million pounds, 20 percent above 1973's level. Tobacco products output remained on an upward trend, but manufacturers had bunched duty paid withdrawals in advance of duty changes. The United States remained the leading supplier, but its share declined.

France is the fourth largest tobacco importer, but the U.S. share of that market is minor. Latin American sources supplied over 38 percent of France's total imports last year, up from 26 percent in 1973. Oriental leaf was down from 28 to 12 percent of the imports. With the incentive of the EC tobacco CAP, France took more tobacco from West Germany, Belgium, and Netherlands.

The Netherlands has no domestic tobacco production and draws from a large number of countries. The U.S. market share declined in the first six months last year,

while shipments from South Africa and Mozambique retained their 24 percent share.

With Japan's rising cigarette production, the country imported a record 170 million pounds of tobacco last year, a 34 percent increase from 1973's and 29 percent over the 1972 record. The United States, the principal supplier, lost some of its market share. Last year Japan increased its oriental leaf takings from Greece and Turkey and burley leaf from Mexico (tables 17 and 18).

## FOREIGN NEWS BRIEFS

The *United Kingdom* announced on April 15 a jump in tobacco excise duties equal to \$4.84 per pound. This 36-percent increase puts the duty on most imported U.S. leaf at \$18.18 per pound plus 8.4 percent ad valorem.

Table 17—United Kingdom tobacco: Imports, stocks, clearances, and exports, 1972-74

Item	1972	1973	1974 <sup>1</sup>	Item	1972	1973	1974 <sup>1</sup>
	Million pounds	Million pounds	Million pounds		Million pounds	Million pounds	Million pounds
Imports, by source:				Gross clearances:			
United States .....	121	127	104	Full duty rate <sup>2</sup> .....	147	158	157
Commonwealth .....	129	140	162	Commonwealth rate <sup>3</sup> .....	158	163	156
Other .....	45	60	96	Total .....	305	321	313
Total .....	297	328	362				
Exports:				Flue-cured:			
Manufactured products .....	59	65	61	United States .....	112	117	101
Unmanufactured .....	9	9	7	Commonwealth .....	152	160	156
				Other .....	25	31	43
Stocks, Dec. 31:				Total .....	289	307	300
Flue-cured .....	320	298	302				
Other .....	54	69	86	Net clearances: .....	234	248	236
Total .....	374	367	388				

<sup>1</sup> Preliminary. <sup>2</sup> Equivalent to \$13.67 per pound. <sup>3</sup> Equivalent to \$13.556 per pound.

Compiled from Official United Kingdom sources.

Table 18—Tobacco: EC imports, by major suppliers, 1955-74

Year	United States	Latin America	Other EC and Associates		India, Canada, Rhodesia, Zambia, Malawi	Other	Total	U.S. share of total
			Greece and Turkey	Other EC and associated areas				
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent
Average								
1955-59 .....	119	53	90	41	27	57	387	30.7
1960-64 .....	140	89	.86	55	61	109	540	25.9
1965 .....	159	120	84	49	73	126	611	26.0
1966 .....	172	113	101	53	55	132	626	27.5
1967 .....	190	110	99	60	27	178	664	28.6
1968 .....	145	95	97	65	21	170	593	24.5
1969 .....	178	98	100	66	20	193	655	27.2
1970 .....	142	112	104	72	15	195	640	22.2
1971 .....	178	132	126	79	20	207	743	24.0
1972 .....	179	137	114	100	20	212	762	23.5
1973 <sup>1</sup> .....	172	125	117	128	22	264	828	20.8
1973 <sup>2</sup> .....	346	150	120	153	169	322	1,260	27.5
1974 <sup>2</sup> .....	300	--	--	--	--	--	1,110	27.0

<sup>1</sup> Belgium, Luxembourg, France, Italy, Netherlands, and West Germany. <sup>2</sup> EC (6) plus Denmark, Ireland, and United Kingdom.

The rates are slightly less for leaf from preference sources. Retail price rises ranged from 13 cents per pack of 20 small-size cigarettes to 25 cents for king-size. King-size filter tip cigarettes now retail for nearly \$1.10 per pack. The new higher taxes followed a similar rise a year earlier. Even though most prices have been increasing rapidly in Britain, the higher taxes have temporarily depressed consumption. The tax hike will further accelerate UK manufacturers' efforts to economize on leaf tobacco use and could intensify their interest in synthetic tobacco substitutes.

In *Canada*, the Ontario flue-cured crop averaged 90.2 Canadian cents per pound, 7 cents above the guaranteed minimum and nearly 11 cents above the 1973 average. Some growers were disappointed that the price of the 238 million pound crop averaged less than the U.S.

flue-cured crop. Ontario's sales ended on a decline with final days running 76 cents per pound. For 1975, Ontario growers have a reduced production target of about 200 million pounds and a guaranteed minimum price of 94 cents per pound.

*Rhodesian* tobacco prices this season settled below last year when prices averaged about 78 cents per pound. Output reportedly has increased the last two years since government controls were relaxed and growers are not subject to output quotas. Nonetheless, Rhodesian growers face uncertainties in the months and years ahead as inflation is rapid. Neighboring Mozambique becomes independent June 25 and with these borders closed as well as those of Zambia and Botswana, South Africa remains the only route through which the country can move its goods.

Foreign-grown cigar leaf tobacco: U.S. imports and stocks, 1972-75

(Farm-sales weight)										
Country of origin	:	Imports for consumption <u>1/</u>					:Dealers and manufactur-			
	:						:ers stocks, April 1 --			
	:	:	October-April				:	:	:	:
	:	October-					:	:	:	:
	:	September:	:	:	:	:	1972 :	1973 :	1974 :	1975
:	:	1973-74 :	1971-72 :	1972-73 :	1973-74 :	1974-75 :	:	:	:	:
:	:	:	:	:	:	:	:	:	:	:
<u>Million pounds</u>										
Philippines	:	44.4	16.1	15.4	14.9	10.4	32.4	36.9	35.3	38.7
Dominican Republic	:	14.5	6.4	8.5	9.0	9.6	12.7	19.9	22.8	24.5
Brazil	:	14.5	5.6	12.6	7.0	11.7	6.3	8.1	7.9	7.6
Colombia	:	7.1	5.3	7.2	4.2	4.4	6.8	8.7	9.8	10.7
Paraguay	:	5.4	2.4	5.0	3.2	5.3	5.5	7.8	7.1	10.8
Mexico	:	27.9	3.9	3.8	13.9	12.7	6.1	5.7	4.4	5.5
Indonesia	:	8.7	1.4	3.8	3.9	4.2	4.4	6.6	10.6	10.7
All others	:	37.9	10.8	9.8	28.1	29.5	12.3	19.8	22.5	20.7
Total	:	160.0	51.9	66.1	84.2	87.8	86.5	113.6	120.5	129.2
	:									

1/ Includes scrap tobacco from some countries that may be used in cigarette manufacture.

Tobacco loan stocks, 1973-75

(Farm-sales weight)									
Type	End of May			Type	End of May				
	:	:	:		:	:	:		
	1973	1974	1975		1973	1974	1975		
	:	:	:		:	:	:		
	Million pounds				Million pounds				
Flue-cured, 11-14	421.7	287.2	182.6	Ky.-Tenn., 35-36	13.5	7.7	2/0.7		
Uncommitted	326.5	155.8	99.7	Ohio, 42-44	0	0	0		
Burley, 31	292.4	163.6	2/43.4	Puerto Rican, 46	0	0	2/1.4		
Uncommitted	271.4	68.8	0	Conn. Valley, 51-52	2.6	2.3	2/1.8		
Virginia, 21	1/	0	0	Wisconsin, 54-55	1/	1/	0		
Ky.-Tenn., 22-23	3.4	2.1	2/.2	Total	733.6	462.9	230.1		

1/ Negligible. 2/ April 30, 1975.

Compiled from records of Tobacco and Peanut Division, ASCS.



Table 19--Cash receipts from tobacco and percentages of total cash receipts from all farm commodities, by States, average 1966-70, annual 1972-74

State	Average 1966-70		1972		1973 1/		1974 1/	
	:Percentage:		:Percentage:		:Percentage:		:Percentage:	
	:Tobacco : of total : Tobacco : of total : Tobacco : of total : Tobacco : of total		: receipts : receipts : receipts : receipts : receipts : receipts					
	: Million : dollars	Percent	: Million : dollars	Percent	: Million : dollars	Percent	: Million : dollars	Percent
North Carolina	: 518	38.4	586	35.3	720	30.3	838	31.8
Kentucky	: 294	35.1	331	30.5	306	22.6	470	31.6
South Carolina	: 95	23.4	113	20.1	115	15.2	179	21.6
Virginia	: 84	15.6	90	13.6	122	13.2	147	15.1
Tennessee	: 81	12.6	92	10.8	89	7.6	123	12.2
Georgia	: 85	7.9	100	7.0	89	4.5	168	8.0
Florida	: 30	2.5	27	1.6	29	1.5	86	3.8
Maryland	: 21	5.9	23	5.6	20	3.5	29	4.7
Connecticut	: 26	16.1	22	13.4	21	10.4	28	13.1
Pennsylvania	: 11	1.2	9	.8	8	.6	11	.7
Ohio	: 14	1.1	13	.8	16	.7	21	.8
Indiana	: 10	.7	10	.5	11	.4	18	.6
Massachusetts	: 10	6.2	9	5.7	8	4.2	10	5.0
Wisconsin	: 5	.4	12	.7	9	.4	11	.4
Missouri	: 3	.2	3	.2	4	.2	6	.2
West Virginia	: 2	2.4	2	1.7	3	2.0	2	1.4
United States 2/	: 1,292	2.8	1,442	2.4	1,570	1.8	2,146	2.3

1/ Subject to revision. 2/ U.S. total receipts from tobacco include relatively small receipts for a few States not shown separately.

Table 20--Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1964-75

Period	Net income			Profit			
	Net sales	: Before : After :		: Per dollar of sales :		: Percentage of stockhold- : ers equity (annual basis)	
		:Federal tax:Federal tax:		: Before : After :		: Before : After :	
		: : :		:Federal tax:Federal tax:		:Federal tax:Federal tax:	
		-- Million pounds --		-- Cents --		-- Percent --	
1964	: 5,836	664	345	11.4	5.9	25.8	13.4
1965	: 6,006	665	354	11.2	5.9	25.4	13.5
1966	: 6,570	727	389	11.1	5.9	26.3	14.1
1967	: 7,088	794	420	11.2	5.9	27.2	14.4
1968	: 7,859	896	436	11.4	5.6	29.7	14.4
1969	: 9,162	976	476	10.6	5.2	29.6	14.4
1970	: 9,839	1,098	569	11.2	5.8	30.3	15.7
1971	: 10,551	1,217	643	11.5	6.1	29.8	15.7
1972	: 11,308	1,246	676	11.1	6.0	28.4	15.4
1973	: 12,205	1,254	704	10.3	5.8	26.4	14.8
1974	: 14,267	1,354	770	9.5	5.4	1/26.4	1/15.0
Quarterly 1974							
1	: 3,165	288	166	9.1	5.2	1/22.4	1/12.9
2	: 3,472	384	211	11.1	6.1	1/29.9	1/16.5
3	: 3,674	350	197	9.5	5.4	1/27.3	1/15.4
4	: 3,956	332	196	8.4	5.0	1/25.9	1/15.3
1974 2/ New series	: 8,933	1,058	801	11.8	9.0	26.4	20.0

1/ Estimated on the basis of an equity increase of 8 percent. 2/ Industry classification changed and foreign subsidiary results omitted beginning with 1st Quarter 1974. For 1974, the new series reduced net sales 37 percent and profits before taxes 22 percent. Profits after taxes increased 4 percent. Note: Data includes non-tobacco enterprises of tobacco manufacturing corporations. Compiled and adapted from the Quarterly Financial Reports for Manufacturing Corporations, Federal Trade Commission--Securities and Exchange Commission.



Table 21 --Flue-cured tobacco: Harvest completion,  
by weeks, 1974 season

	:	:	:	:	:	:	:	
Date	:	Florida:	Georgia:	North Carolina:	South Carolina:	Virginia:	Average <u>1/</u>	
	:	:	:	:	:	:	:	
	:	:	:	:	:	:	:	
	:	<u>Percent harvested</u>						
June	:							
	:							
11	:	<u>2/2</u>	4	0	0	0	0.5	
18	:	<u>2/10</u>	8	0	0	0	1.3	
25	:	<u>2/20</u>	15	0	0	0	3.5	
	:							
July	:							
	:							
2	:	<u>2/36</u>	22	<u>2/</u>	22	0	6.9	
9	:	<u>2/50</u>	32	<u>1</u>	38	<u>3/</u>	13.6	
16	:	<u>2/80</u>	45	13	45	<u>1</u>	22.2	
23	:	<u>2/95</u>	59	17	56	3	28.6	
30	:	<u>2/100</u>	72	30	65	7	40.5	
	:							
Aug.	:		<u>T. 11</u>	<u>T. 12-13</u>				
	:							
6	:	100	80	<u>2/5</u>	35	78	13	47.2
13	:	100	90	<u>2/15</u>	90	86	14	56.2
20	:	100	91	<u>2/30</u>	<u>2/75</u>	91	24	65.8
27	:	100	<u>2/99</u>	<u>2/47</u>	<u>2/80</u>	96	34	73.9
	:							
Sept.	:							
	:							
4	:	100	100	<u>2/58</u>	<u>2/85</u>	<u>2/99</u>	47	80.0
10	:	100	100	70	45	100	58	85.7
17	:	100	100	<u>2/85</u>	<u>2/95</u>	100	68	91.7
24	:	100	100	<u>2/95</u>	<u>2/99</u>	100	85	97.0
	:							
Oct.	:							
	:							
1	:	100	100	100	100	90	99.0	
8	:	100	100	100	100	<u>2/97</u>	99.7	
15	:	100	100	100	100	100	100.0	
	:							
	:							

1/ Weighted average using each State's 1974 production share.

2/ Estimated.

3/ Less than .05 percent.

Compiled from: U.S. Dept. of Commerce and U.S. Dept. of Agriculture, Weekly Weather and Crop Bulletin, weekly issues, 1974.

Table 22--Flue-cured tobacco: Farm marketings by belt  
and across-belt marketings, 1974

States and belt	Total farm marketings:	Sold in --					Total sold out of belt
		Ga.-Fla.	S.C.- N.C.	N.C.	N.C.-Va.	Percent	
		14	13	12	11	Amount: of sales	
<hr/>							
		<u>Million pounds</u>					<u>Percent</u>
Ga.-Fla., 14	185.7	185.7	<u>1/</u>	0	0	0	---
S.C.-N.C., 13	273.0	2.9	259.1	3.8	7.1	13.8	5.1
N.C., 12	397.4	<u>1/</u>	14.2	374.1	9.1	23.3	5.9
N.C.-Va., 11	383.3	<u>1/</u>	4.2	29.1	350.0	33.3	8.7
Sales from out of belt:	---	3.0	18.4	32.9	16.2	---	
Total	1,239.3	188.6	277.5	407.0	366.2	70.4	5.7
<hr/>							
Sales from out of belt as percentage of belt sales							
<hr/>							
		<u>Percent</u>					
		5.7	1.6	6.6	8.1	4.4	---

Detail may not add to total due to rounding. 1/ Less than 50,000 pounds.  
Compiled from records and reports of Tobacco and Peanut Division, ASCS.

Table 23--Burley tobacco: Farm marketings by State and  
across-state line movement, 1974 crop

State	Total	Sold in --								Total sold
	farm	Ind.	Ky.	Mo.	N.C.	Ohio	Tenn.	Va.	West	out of state
	marketings								Va.	
		<u>Million pounds</u>								
Indiana	16.7	10.4	6.3			<u>1/</u>				6.3
Kentucky	428.1	3.0	419.2			0.4	5.4	<u>1/</u>	0.1	8.9
Missouri	5.7		0.1	5.6		<u>1/</u>				.1
North Carolina	18.9				15.8		3.0	<u>1/</u>		3.1
Ohio	19.9		6.1			12.1			1.7	7.8
Tennessee	95.1		1.1		.5		88.1	5.3		7.0
Virginia	22.8		<u>1/</u>		1.1		.4	21.3		1.5
West Virginia	2.9		0.1		<u>1/</u>			<u>1/</u>	2.8	.1
Total <u>2/</u>	610.3	13.4	432.7	5.6	17.4	12.5	96.9	26.6	4.6	34.9

1/ Negligible. 2/ Includes 100,000 pounds produced in other states.  
Detail may not add to total due to rounding.  
Compiled from records of Tobacco and Peanut Division, ASCS.

# FLUE-CURED TOBACCO PRODUCTION COSTS,

## A PREVIEW OF 1975 //

by

William D. Givan and Frederic L. Hoff  
Agricultural Economists  
Commodity Economics Division  
Economic Research Service

**ABSTRACT:** The continued upward trend in the price of fertilizer, chemicals, and machinery into the 1975 crop year will result in higher production costs (excluding land, management, and allotment costs) for flue-cured tobacco. Midseason estimates are for at least 7 cents a pound greater cost than last year's record high level. Labor is the largest cost component, comprising about 37 percent of the total for conventional systems and 28 percent for the bulk barn-priming aid system.

**KEYWORDS:** Flue-cured tobacco, production costs, tobacco harvest systems.

The 1974 flue-cured tobacco crop was produced with record high input costs. Prices were up sharply from previous years for petroleum products, fertilizer, twine, and labor. However, the average sale price of flue-cured tobacco enabled receipts for tobacco growers to more than keep pace with higher production costs.

As in the rest of the economy, the purchasing power of the tobacco farmer's dollar has continued to decline in 1975 due to inflation. Consequently, production costs for the 1975 flue-cured tobacco crop will exceed last year's level. Costs of fertilizer, chemicals, and machinery are substantially higher.

### Costs Incurred in 1974

To assess a change in production costs, budgets are estimated for two commonly used harvest systems utilizing: 1) a conventional barn, walking primers, and a tying machine, and 2) a bulk barn and a priming aid.<sup>1</sup> These cost estimates for producing tobacco exclude land, management, and allotment costs. The estimated cost in 1974 using the conventional barn system was 58 cents a pound, a little higher than the 55 cents estimated for the bulk barn priming aid system. Although

production costs can vary widely due to management, labor productivity, type of harvest systems, and a host of other variables, these costs can be used to evaluate the impact of inflation on the cost of producing flue-cured tobacco.

### Composition of Costs

The largest cost component for tobacco in 1974 was labor. For the conventional barn system, labor comprised 36 percent of the specified production costs, followed by curing fuel (13 percent) and fertilizer costs (7 percent). With the bulk barn system, labor costs made up 28 percent of total costs, followed by bulk barns (14 percent) and fertilizer (7 percent). Tractor and equipment costs (including fuel) comprised nearly 13 percent of the costs specified for both systems.

### Cost of 1975 Inputs

Most tobacco growers will find that the costs to produce their 1975 crop will be greater than in 1974. Total costs of flue-cured tobacco production for 1975, judging by input expenditures incurred through May, likely will increase a minimum of 7 cents a pound for the conventional and bulk barn systems.

Preharvest costs for 1975 are estimated about 17 percent higher than in 1974 as higher fertilizer costs are adding nearly 2 cents a pound and steeper prices of

<sup>1</sup> For details see, *Tobacco Situation*, TS-149, "Flue-cured Tobacco Production and Prices, 1972-74," September, 1974, pp. 37-42.

Table 1--Estimated preharvest costs per acre for flue-cured tobacco, 1974 and 1975

Item	Unit	Quantity	1974 <sup>1/</sup>		1975 <sup>2/</sup>	
			Price per unit	Value	Price per unit	Value
<u>Dollars</u>						
Plant Bed						
Fumigant	lb.	5.0	.68	3.40	1.10	5.50
Fertilizer	cwt.	.5	4.50	2.25	5.46	2.73
Seed	oz.	.1	11.00	1.10	12.50	1.25
Fungicide	lb.	12.5	.11	1.38	.11	1.38
Insecticide	lb.	.33	.75	.25	.75	.25
Framing material	---	---	---	3.35	---	3.50
Plastic cover	sq.yd.	60.0	.10	6.00	.12	7.20
Tractor and <sup>3/</sup> equipment						
Fuel	gal.	1.3	.40	.52	.40	.52
Other	---	---	---	7.26	---	7.53
Labor	hr.	10.15	1.77	17.97	2.00 <sup>4/</sup>	20.30
Interest on operating capital	dol.	---	.09	<u>2.37</u>	.09	<u>3.05</u>
Subtotal				45.85		53.21
Preharvest						
Nematicide	lb.	56.0	.51	28.56	.59	33.04
Fertilizer	cwt.	16.0	5.00	80.00	7.25	116.00
Herbicide	qt.	1.0	16.00	16.00	16.00	16.00
Insecticide	gal.	1.0	15.60	15.60	20.00	20.00
Sucker control	gal.	3.0	9.00	27.00	10.40	31.20
Tractor and <sup>3/</sup> equipment						
Fuel	gal.	22.7	.40	9.08	.40	9.08
Other	---	---	---	42.96	---	46.20
Insurance	\$100	12.5	5.00	62.50	5.00 <sup>4/</sup>	62.50
Labor	hr.	65.2	1.77	115.40	2.00 <sup>4/</sup>	130.40
Interest on operating capital	dol.	---	.09	<u>16.70</u>		<u>20.90</u>
Subtotal				413.80		485.32
Total preharvest costs				459.65		538.53

1/ Cost for 1974 taken from "Flue-Cured Tobacco Production Costs and Prices, 1972-74," William Givan and Frederic Hoff, Tobacco Situation, TS-149, September 1974, pp. 37-42. A yield of 2,100 pounds per acre was assumed.

2/ Estimated costs of inputs based on May 1975 price levels.

3/ Tractor and equipment costs include a small and large tractor. Fixed costs of machinery based on 500 hours annual use of small tractor and 750 hours annual use of large tractor.

4/ Labor costs assume a continuation of the upward trend in wage rates that occurred over the 1972-74 period.



Table 2--Estimated harvest and total costs per acre for flue-cured tobacco, conventional barn and bulk barn harvest systems, 1974 and 1975

Item	Unit	Quantity	1974 1/		1975 2/	
			Price per	Value	Price per	Value
			unit		unit	
				Dollars		
				Conventional Barn 3/		
Preharvest costs				459.65		538.53
Harvest costs						
Fuel	gal.	408.0	.38	155.04	.38	155.04
Electricity	kil.hr.	63.0	.03	1.89	.04	2.52
Twine	lb.	5.0	2.85	14.25	2.95	14.75
Sticks	---	---	---	6.00	---	6.50
Sheets	---	---	---	2.49	---	2.75
Tying machine <sup>4/</sup>	hr.	6.0	5.82	34.92	6.42	38.52
Tractor and equipment <sup>5/</sup>						
Fuel	gal.	47.2	.40	18.88	.40	18.88
Other	---	---	---	74.87	---	84.12
Barn <sup>6/</sup>	acre	1.0	78.62	78.62	93.92	93.92
Marketing <sup>7/</sup>	lb.	2,100.0	3% @ 1.05	66.15	3% @ 1.05	66.15
Labor	hr.	175.0	1.77	309.75	2.00	350.00
Total harvest expenses <sup>8/</sup>				762.86		833.15
Total expenses <sup>8/</sup>				1,222.51		1,371.68
Costs per pound <sup>8/</sup>				.582		.653
					Bulk Barn 9/	
Preharvest costs				459.65		538.53
Harvest costs						
Fuel	gal.	362.0	.38	137.56	.38	137.56
Electricity	kil.hr.	840.0	.03	25.20	.04	33.60
Sheets	---	---	---	2.49	---	2.75
Riding primer <sup>10/</sup>	hr.	5.0	9.18	45.90	9.51	47.55
Tractor and equipment <sup>5/</sup>						
Fuel	gal.	36.4	.40	14.56	.40	14.56
Other	---	---	---	56.63	---	64.91
Barn <sup>6/</sup>	acre	1.0	165.65	165.65	190.20	190.20
Marketing <sup>7/</sup>	lb.	2,100.0	3% @ 1.05	66.15	3% @ 1.05	66.15
Labor	hr.	105.0	1.77	185.85	2.00	210.00
Total harvest expenses <sup>8/</sup>				699.99		767.28
Total expenses <sup>8/</sup>				1,159.64		1,305.81
Costs per pound <sup>8/</sup>				.552		.622

1/ Cost for 1974 taken from "Flue-Cured Tobacco Production Costs and Prices, 1972-74," William Givan and Frederic Hoff, Tobacco Situation, TS-149, September 1974, pp. 37-42. A yield of 2,100 pounds per acre was assumed. 2/ Estimated costs of inputs based on May 1975 price levels. 3/ Costs are calculated for tobacco primed by walking primers, with the leaf put on sticks by tying machine, and cured in conventional barn. 4/ Fixed costs based on 72 hours of annual use. 5/ Tractor and equipment costs include a small and large tractor. Fixed costs of machinery based on 500 hours annual use of small tractor and 750 hours annual use of large tractor. Fuel and other costs for hauling are included in equipment estimates. 6/ Fixed costs based on curing 12 acres of tobacco annually. 7/ Average sale price of \$1.05 per pound is used for the 1975 budgets and to update the 1974 budgets. 8/ Excluding charge for land, management, and tobacco allotment. 9/ Costs are calculated for tobacco primed by tractor drawn priming aid and cured in bulk barn. 10/ Fixed costs based on 60 hours of annual use.

chemicals (nematicides, insecticides, herbicides, sucker control) are contributing another ½ cent (table 1). Total cost for these chemicals will be approximately \$100 per acre. Presently fuel prices are near their 1974 levels, but the price outlook is uncertain. Each 1-cent increase in the price of a gallon of curing fuel adds 0.2 cent to the cost of each pound of tobacco. The price of new machinery also has increased and the fixed costs associated with machinery and equipment operation are approximately 9 percent higher than 1974.

The price and availability of harvest labor is still to be determined. Assuming the price of labor trends upward at about the same rate as in 1972-1974, labor costs for 1975 could add nearly 3 cents per pound to production costs for the conventional barn system and 2 cents for the bulk barn-priming aid system (table 2). Labor costs vary widely and in some instances, increases will differ from this estimated percentage. Because of substantial differences in wage rates between farm and nonfarm

occupations, the current high level of unemployment is not expected to have significant impact on the supply of tobacco labor. Other major cost increases include fixed costs of machinery used for harvest and the costs for both conventional and bulk barns.

## CONCLUSIONS

The upward trend of price increases for inputs used in producing flue-cured tobacco likely will continue through the 1975 crop year. Prices of most production inputs are above 1974 levels and the prices of some harvest inputs such as curing fuel may rise even higher. Average prices received for flue-cured tobacco in 1974 generally kept pace with the higher input prices; however, the purchasing power of the tobacco farmer's dollar has declined. Farmers in many instances will adopt laborsaving technology to offset the higher cost of tobacco labor.

2007  
**TOBACCO PRICE SUPPORT PROGRAMS**

by

Robert H. Miller  
Tobacco Program Leader  
Commodity Economics Division  
Economic Research Service

**ABSTRACT:** Tobacco price supports that began in the 1930's shifted in 1960 from the parity price formula to a 3-year average parity index formula. The averaging means price supports rise more slowly during periods of rapid input price rises. During 1940-75 the parity index related reasonably well to a measure of tobacco production costs, despite several unrelated items in the index. But the variation for a single year may be sizable.

**KEYWORDS:** Tobacco, government programs, prices, price supports, parity, parity index.

The Federal Government has operated programs to support and stabilize tobacco prices since the early 1930's. As a result, risks to growers from seasonal and cyclical price changes are lessened considerably, even though weather, production, and utilization may vary.

#### Price Support Available with Quota Approval<sup>1</sup>

The Agricultural Adjustment Act of 1933 designated tobacco as a basic (storable) commodity and cash payments were made for tobacco growers who restricted production (1933-35). Substitute legislation authorized payments for carrying out soil conservation practices (1936-37). The Agricultural Adjustment Act of 1938 authorized marketing quotas, with a penalty for growers who exceeded their designated quotas. When two-thirds or more tobacco growers voting favored marketing quotas for the various kinds, growers received support prices up to 75 percent of parity prices for their tobacco. For parity price calculations, the 1910-14 period was the base period for most other commodities, but August 1919-July 1929 was the designated base period for tobacco.

Many legislative changes have been made since 1938 but the marketing quota authority to provide an adequate and balanced flow of tobacco continues. The program is available for all kinds of tobacco except shadegrown wrapper and Perique. Except for the 1939

crops, marketing quotas have been approved and in effect since 1938 for each crop of flue-cured, burley, and dark tobaccos. Cigar binder and Ohio filler crops first came under quotas in 1951. Price supports have never applied for Pennsylvania filler, and 1965 was the last Maryland crop that was supported.

#### Supported Separated from Parity in 1960

In October 1942, Congress raised the support level to 90 percent of parity and that authority continued through 1948. The Agricultural Act of 1948 extended mandatory supports at 90 percent of parity through 1949. The Agricultural Act of 1949 continued this parity level and has been the authority for tobacco price support since 1950.

When tobacco parity prices shifted to the modernized basis in 1956 the tobacco support levels increased sharply and exporters and growers became concerned about the reduction in exports.<sup>2</sup> A 1960 amendment to the 1949 law set the 1960 crop support prices at the 1959 level and provided for subsequent changes based

<sup>1</sup> For a description and analysis of the historical developments in tobacco parity and support price legislation, see J.C. Williamson, Jr. and W.D. Toussaint, "Parity and Support Prices for Flue-cured Tobacco", *Journal of Farm Economics*, Vol. XLIII, Feb. 1961, pp. 13-26.

<sup>2</sup> Prior to the enactment of the Agricultural Acts of 1948 and 1949, parity prices were base period prices multiplied by the parity index. For burley and flue-cured tobacco the base period was August 1934 to 1939 and for Maryland tobacco August 1936 to July 1941. In the case of all other kinds of tobacco the base period was August 1919 to July 1929. During 1950-55 the law provided a transition parity price by reducing the old parity price 5 percent annually unless the transition price was lower than the "new" parity. Since this provision did not apply for basic commodities, the tobacco support remained on the old formula through 1956.

on the average for the Parity Index<sup>3</sup> for the 3 previous calendar years compared with 1959. In subsequent years, support levels rose at a slower rate than they would have under the former parity formula. Support levels averaged 87 percent of parity in 1960 but by 1974 dropped to 61 percent for flue-cured and 58 percent for burley (table 1).

The following shows the computation of the support price for flue-cured tobacco for 1975:

Average of parity index, for 1972, 1973, and 1974,  
 $1910-14 = 100, 432 + 496 + 578 \div 3 = 502;$

Divided by parity index for 1959,  $502 \div 298 = 1.68;$

Multiplied by 1959 support level,  $1.68 \times 55.5 \text{ cents} =$   
 93.2 cents per pound.

Under the loan program, a support price (loan rate) is established for each grade of tobacco. If the buyer's bid price on any lot of tobacco is not equal to or more than the government loan rate for the grade, an eligible grower may receive the loan rate. The tobacco is then taken by a cooperative association. Under an agreement with the Commodity Credit Corporation, the association arranges for receiving, redrying, packing, storing, and eventual sale of the tobacco under loan.

Grade loan rates are based on recent trends in market prices, loan holdings and share of particular grades that have been received under loan. The weighted average of various loan rates must equal the overall support level for each kind of tobacco.

Table 1 compares the support level for flue-cured and burley with the average price received by farmers since 1960. In 1963 and 1964 grower prices averaged about 1 cent per pound above the support levels because substantial price support loans were made, and supplies were sizable relative to utilization. Last season flue-cured and burley prices to producers averaged over 20 cents per pound above support due to reduced supplies and brisk demand.

From 1946 through March 31, 1975, about \$3.9 billion were advanced to cooperatives on  $6\frac{1}{2}$  billion pounds of tobacco, which represented collateral for these loans. As of March 31, 1975, the cumulative realized loss on tobacco price support loan operations since the beginning of tobacco programs in 1933 was \$55 million, of which \$17 million was offset by interest payments on the loans on which the losses were incurred. Of this loss, \$38 million was attributable to the 1955 and 1956 flue-cured crops when high-yielding varieties could be sold only at large discounts.

## 1974-75 Parity Proposals

Legislation was considered in Congress in late 1974 and in early 1975 to raise the level of price support above that provided under present law. Last year, the House of Representatives twice passed legislation that would have raised support, first to 90 percent of parity and then to 75 percent of parity<sup>4</sup>. Hearings were held by the Senate Agriculture Committee but passage could not be obtained in the Senate.

In the current session, a Senate amendment to the Emergency Farm, Price Support Bill (H.R. 4269) would have raised support to 70 percent of parity, but the provision was eliminated by the Conference Committee on the Bill.<sup>5</sup> USDA has opposed efforts to raise supports above levels provided in present legislation to avoid reducing future markets for tobacco. But the intensity of the effort by some growers indicates they feel the lack of equity with other parts of the economy and the loss of buying power in a period of rapid inflation<sup>6</sup>.

## Parity Definition and Comparison

Parity price is determined by multiplying the adjusted base price of a commodity by the parity index. The adjusted base price refers to the average of prices received by farmers for such commodity for the previous 10-year period, divided by the average of the index of prices received by farmers for all agricultural commodities (1910-14 = 100) during the same 10-year period.

The following shows the computation of parity price for flue-cured tobacco based on data for May 1975:

Item	Cents per pound
Average of season prices received by farmers for flue-cured tobacco, 1965-74, inclusive . . . . .	76.2
Adjusted base price equals 10-year average of prices received, flue-cured tobacco divided by Prices Received Index, all commodities, adjusted for government payments, 1910-14 = $100, 76.2 \div 322/100$ equals . . . . .	23.7

<sup>4</sup>H. R. 17506 *Cong. Rec.*, Nov. 26, 1974, p. H11093-4; H. R. 17635, *Cong. Rec.*, Dec. 17, 1974, p. H12157.

<sup>5</sup>94th Congress, 1st Session, House Report 94-152, *Emergency Farm Price Support*, April 16, 1975, p. 5.

<sup>6</sup>*Tobacco Price Supports*, Hearings, U.S. 93rd Congress, 2nd Session, Senate Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, December 1974.

<sup>3</sup>The Parity Index is the ratio of the general level of prices for articles and services that farmers buy for both production and family living, wages paid hired farm labor, interest on farm indebtedness secured by real estate, and taxes on farm real estate compared to the average of such prices, wages, rates and taxes during the period January 1910 to December 1914.



Table 1--Flue-cured and burley prices: Actual and support level compared with parity prices, 1960-75

Year	Flue-cured tobacco, types 11-14						Burley tobacco, type 31					
	Parity			Percent of parity2/			Parity			Percent of parity2/		
	price	Support	Season	Support	Season	price	price	Support	Season	Support	Season	average
	1/	level	average	average	average	1/	1/	level	average	Support	average	average
	Cents per pound			Percent			Cents per pound			Percent		
1960	63.4	55.5	60.4	87.5	95.3	65.6	57.2	57.2	64.3	87.2	98.0	
1961	64.5	55.5	64.2	86.0	99.5	68.6	57.2	57.2	66.5	83.4	96.9	
1962	68.9	56.1	60.1	81.4	87.2	73.7	57.8	57.8	58.6	78.4	79.5	
1963	72.8	56.6	58.0	77.7	79.7	77.1	58.3	58.3	59.2	75.6	76.8	
1964	74.2	57.2	58.5	77.1	78.8	78.9	58.9	58.9	60.3	74.7	76.4	
1965	77.8	57.7	64.6	74.2	83.0	82.8	59.5	59.5	67.0	71.9	80.9	
1966	80.9	58.8	66.9	72.7	82.7	87.3	60.6	60.6	66.9	69.4	76.6	
1967	84.6	59.9	64.2	70.8	75.9	88.1	61.8	61.8	71.8	70.1	81.5	
1968	86.7	61.6	66.6	71.0	76.8	91.1	63.5	63.5	73.7	69.7	80.9	
1969	92.6	63.8	72.4	69.0	78.2	96.5	65.8	65.8	69.6	68.2	72.1	
1970	96.3	66.6	72.0	69.2	74.8	101.0	68.6	68.6	72.2	67.9	71.5	
1971	101.0	69.4	77.2	68.7	76.4	104.5	71.5	71.5	80.9	68.4	77.4	
1972	106.0	72.7	85.3	68.6	80.5	111.0	74.9	74.9	79.2	67.5	71.4	
1973	123.0	76.6	88.1	62.3	71.6	129.0	78.9	78.9	92.9	61.2	72.0	
1974	136.0	83.3	105.0	61.2	77.2	147.0	85.8	85.8	113.7	58.4	77.3	
1975	3/ 149.0	93.2		62.6		3/ 154.0	96.1			62.4		

1/ Beginning of marketing year; July 1 for flue-cured and October 1 for burley.

2/ Calculated by Economic Research Service.

3/ May 30.

Compiled from Agricultural Prices, monthly issues, Statistical Reporting Service.

Parity equals adjusted base price multiplied by parity index, 1910-14 = 100  
 for May 1975; 23.7 cents  $\times$  627/100  
 equals ..... 148.6

Round to 3 significant digits ..... 149.0

Price support levels increased at an average of 1.6 percent from 1961 through 1969, then gained an average of 5.5 percent from 1970 through 1974. The 12-percent increase this year is the largest since 1947.

Nonetheless, many growers and grower representatives have expressed dissatisfaction with the present support formula because it has lagged behind the parity price. Some of the lag is due to the 3-year averaging of the parity index as required by law. In the recent period of rapid inflation, the 3-year averaging spreads out the impact of sharp price increases. Thus, support prices went up 9 percent in 1974 while the parity index rose 16. The 12-percent support rise for this year compares with a 7-percent rise in the parity index through May 1975. In contrast, the present formula provides that support prices would go up 13 percent in 1976 even if the parity index stabilized at the present level for the balance of the year.

### Parity Index Related to Tobacco Production Costs

The parity index provides a measure of changes in farm production and family living costs in general, and therefore, may not apply to specific farm situations such as tobacco production. For example, feed and feeder

livestock costs count heavily (about 20 percent) in the parity index calculation.<sup>7</sup>

An alternate calculation could use the component series in the parity index that apply to tobacco production. By weighting each component in approximate proportion to its importance in tobacco production, the resulting series gives an index that has closely approximated the parity index for 1940-75. About 99 percent of the variation in the parity index for 1940-75 and in the price support adjustment factor for 1959-75 was associated with variations in a tobacco production cost index. ( $R^2$  = .988 and .994, respectively). In any case, the degree of statistical association has lessened since 1973. Nonetheless, the early season announcement of a support price may be more significant for grower decisions than a precise calculation.

### Concluding Remarks

The price support program and the marketing quota system for tobacco are two institutional elements which complement each other in adjusting the size of the annual tobacco crop and helping to assure adequate levels of returns to growers. In the mid-1960's, grower prices would have declined substantially in the absence of Government loan programs or equivalent action. As tobacco supplies have declined the past 2 years grower prices have risen well above the support level.

<sup>7</sup> *Agricultural Prices*, August 1974, Supplement No. 1. A Senate amendment to the Emergency Farm Price Support Bill, H. R. 4296 provided that target prices for 1976 and 1977 crops of upland cotton, corn, and wheat would be in the 1975 target prices adjusted to reflect subsequent changes in the parity index excluding feed and feeder livestock prices. This provision was deleted by the Conference Committee, House Report 94-152, pp. 3-4.

SELECTED RECENT ARTICLES, REPORTS, SPEECHES

Andrews, B. G., "World Tobacco Crunch Shows No Signs of Easing in 1974", Foreign Agriculture, September 9, 1974, pp. 2-3. 1/

Cesal, Lon, et al, "The Flue-cured Tobacco Industry--Changes and Adjustments, 1975 U.S. Agricultural Outlook, U.S. 93rd Congress, 2d Session, Senate, Committee on Agriculture and Forestry, pp. 295-302.

Graves, Albert H., USDA, Agricultural Research Service, ARS-S-28, Improving the Receiving of Tobacco at Auction Warehouses, November 1973, 8 pp. 3/

\_\_\_\_\_, and Kenneth R. Forrest, USDA, Agricultural Research Service, ARS-S-12, Scheduling the Arrival of Tobacco at Auction Warehouses, May 1973, 11 pp. 3/

Grise, Verner N., et al, "Adjustments in the U.S. Flue-cured Tobacco Industry - Economic Considerations", presented at the International Tobacco Science Meeting, (CORESTA) Montreux, Switzerland, September 22-27, 1974, 22 pp. 2/

\_\_\_\_\_, Structural Characteristics of Flue-cured Tobacco Farms and Prospects for Mechanization, Ag. Econ. Rpt. 277, USDA, Economic Research Service, January 1975, 46 pp. 2/

Hodges, Leroy, Jr., "Thailand Market for U.S. Tobacco Continues Strong in Long Term", Foreign Agriculture, July 15, 1974, pp 10-11. 1/

Howland, Kenneth E. and Daniel J. Stevens, A Summary of Tariff and Nontariff Barriers on Tobacco in Free World Markets, 1973, USDA, Foreign Agricultural Service, FAS-M-257, June 1974, 49 pp. 1/

Mann, Jitendar S., Dynamics of the U.S. Tobacco Economy, ERS Tech. Bul. 1499, August 1974, 59 pp. 2/

\_\_\_\_\_, "Input-Output Models and Technological Change: Some Explorations in Methodology", Agricultural Economics Research, Vol. 27, No. 1, January 1975, pp. 1-8.

Miller, Robert H., "Factors Affecting Cigarette Consumption", talk given at the National Tobacco Tax Association Annual Meeting, Kiamesha Lake, New York, September 10, 1974, 16 pp. 2/

\_\_\_\_\_, "Outlook for Tobacco 1975", talk given at the 1975 National Agricultural Outlook Conference, Washington, D.C., December 12, 1974, 8 pp. 2/

\_\_\_\_\_, "Tobacco Use: Trends and Projections", talk given at the Agricultural Economics Section, 26th Tobacco Workers Conference, Charleston, South Carolina, January 30, 1975, 15 pp. 2/

Stevens, Daniel J., "Growth of U.S. Tobacco Exports Linked to Removal of Barriers", Foreign Agriculture, April 1, 1974, pp. 10-12. 1/

\_\_\_\_\_, "Mexico's Tobacco Goal: Keep Industry Viable", Foreign Agriculture, May 12, 1975, pp. 10-11. 1/

U.S. 93rd Congress, 2d Session, House, Committee on Agriculture, Report 93-1131, Tobacco Marketing Quota Provisions, June 20, 1974, 5 pp.

\_\_\_\_\_, Senate, Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, Committee on Agriculture and Forestry, Hearings, Tobacco Price Supports, December 1974, 86 pp.

\_\_\_\_\_, 94th Congress, 1st Session, Senate, Committee on Agriculture and Forestry, Agriculture and Anti-Depression Act of 1975, Part 2, 1975, pp. 650-729.

USDA, Agricultural Marketing Service, Annual Report on Tobacco Statistics 1974, April 1975, 43 pp. 4/

\_\_\_\_\_, Agricultural Stabilization and Conservation Service, "Tobacco: Allotted by Countries and by Kinds, 1974", 1974, 19 pp. 5/

York, J. W., "Flue-cured Tobacco Marketing Under Grower Designation", remarks at National Agricultural Outlook Conference, Washington, D.C., December 12, 1974, 5 pp. 2/

1/ Available from Foreign Agricultural Service, Room 5918, USDA, Washington, D.C. 20250. 2/ Available from ERS Publications, Room 0054, USDA, Washington, D.C. 20250. 3/ Available from Information Division, ARS, 350 FCB-1, Hyattsville, Maryland 20784. 4/ Available from Information Division, AMS, Room 1078, USDA, Washington, D.C. 20250. 5/ Available from Tobacco and Peanut Division, ASCS, Room 6741, USDA, Washington, D.C. 20250.

### STATISTICAL SUMMARY

Item	Unit or base period	1974		1975		Last data as percentage of a year earlier
		Apr.	May	Mar.	Apr.	May
Average price at auctions						
Flue-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d		---
Burley	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d		---
Maryland	Ct. per lb.	91.3	90.6	Closed	101.0	93.5 : 103
Virginia fire-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d		---
Ky.-Tenn. fire-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d		---
Ky.-Tenn. dark air-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d		---
Virginia sun-cured	Ct. per lb.	C - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d		---
Support price 1/						
Flue-cured	Ct. per lb.		83.3		93.2	: 112
Burley	Ct. per lb.		85.8		96.1	: 112
Maryland	Ct. per lb.	No support			No support	: ---
Virginia fire-cured	Ct. per lb.		58.2		65.2	: 112
Ky.-Tenn. fire-cured	Ct. per lb.		58.2		65.2	: 112
Ky.-Tenn. dark air-cured	Ct. per lb.		51.8		58.0	: 112
Virginia sun-cured	Ct. per lb.		51.8		58.0	: 112
Connecticut Valley cigar binder	Ct. per lb.		59.4		66.5	: 112
Wis. binder and Ohio filler	Ct. per lb.		42.9		48.0	: 112
Puerto Rican filler	Ct. per lb.		44.6		49.9	: 112
Parity index 2/	1910-14=100	562	564	612	621	627 : 111
Industrial production index 3/	1967=100	124.9	125.7	109.8	109.5	109.2 : 87
Employment 3/	Mill.	85.8	86.1	83.8	84.1	84.4 : 98
Personal income 4/	Bil. dol.	1,125.2	1,135.2	1,195.7	1,202.6	1,211.9 : 107
Taxable removals						
Cigarettes	Bil.	48.0	46.1	47.0	44.0	: 92
Cigars and cigarillos	Mill.	539.4	550.9	469.0	471.5	: 87
Accumulated from Jan. 1						
Cigarettes	Bil.	150.2	196.3	94.9	138.8	: 92
Cigars and cigarillos	Mill.	1,499.9	2,050.8	890.0	1,331.9	: 89
Invoiced to domestic customers						
Accumulated from Jan. 1						
Smoking tobacco	Mill. lb.	12.4			11.1	: 90
Chewing tobacco	Mill. lb.	17.9			18.0	: 101
Snuff	Mill. lb.	6.1			6.3	: 103
Tax-exempt removals						
Cigarettes	Bil.	5.6	4.4	4.8	4.9	: 88
Exports	Bil.	3.6	3.8	3.6	5.2	: 155
Cigars and cigarillos	Mill.	11.7	12.3	10.2	9.7	: 83
Accumulated from Jan. 1						
Cigarettes	Bil.	14.8	19.2	9.9	14.8	: 100
Exports	Bil.	10.2	14.0	7.1	12.3	: 111
Cigars and cigarillos	Mill.	34.8	47.1	19.9	29.5	: 85
Invoiced for export						
Accumulated from Jan. 1						
Smoking tobacco	Mill. lb.	.3			.2	: 67
Chewing tobacco	Mill. lb.	.2			.2	: 100
Wholesale price indexes 5/						
Cigarettes (reg. nonfilter)	1967=100	126.6	126.6	153.9	153.9	153.9 : 122
Cigars	1967=100	116.3	116.7	122.0	122.0	122.0 : 105
Smoking tobacco	1967=100	124.0	127.0	155.3	163.7	163.7 : 129
Plug chewing tobacco	1967=100	128.8	131.5	154.8	154.8	175.0 : 133
Snuff	1967=100	157.1	157.1	173.6	173.6	184.3 : 117
Consumer price indexes (urban) 6/						
Cigarettes (reg. nonfilter)	1967=100	140.9	141.1	154.7	155.1	155.3 : 110
Cigarettes (filter tip king)	1967=100	141.3	141.5	155.7	155.9	155.9 : 110
Cigars (domestic reg. size)	1967=100	117.6	118.1	122.6	122.9	123.6 : 105
Imports of tobacco						
Cigarette leaf	Mill. lb.	11.5	14.8	17.8	22.9	16.9 : 114
Cigar tobacco 7/	Mill. lb.	14.0	9.7	10.2	16.1	13.1 : 135
Accumulated from Jan. 1						
Cigarette leaf	Mill. lb.	49.4	70.9	43.2	66.0	83.0 : 117
Cigar tobacco 7/	Mill. lb.	35.1	44.8	21.4	37.5	50.6 : 113

See footnotes at end of table.

Continued --

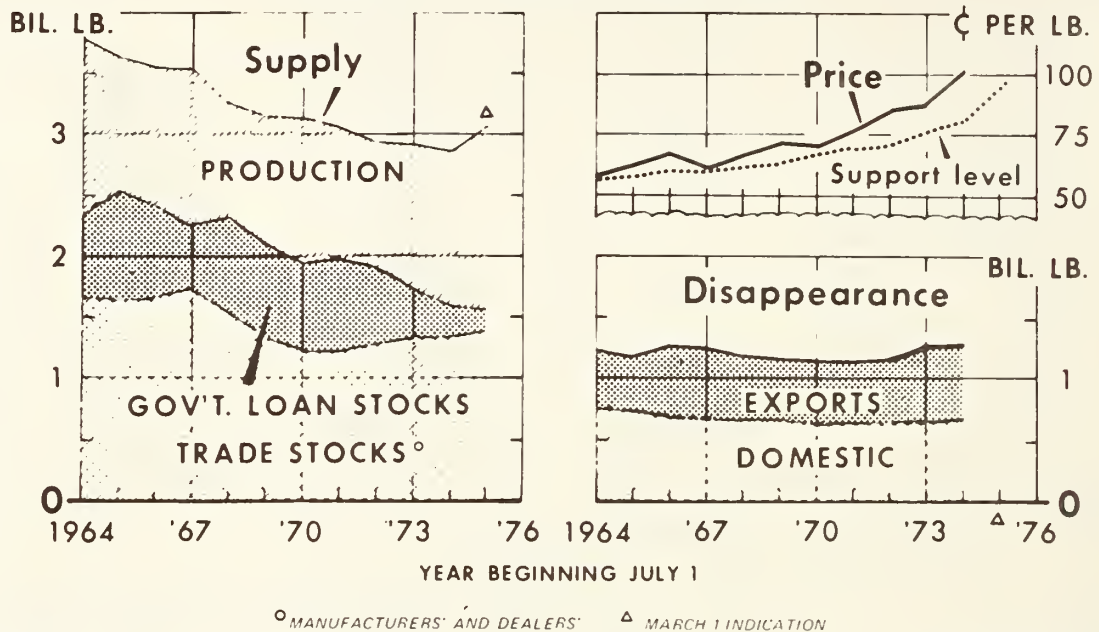


## STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1974		1975			Last data as percentage of a year earlier
		Mar.	Apr.	Feb.	Mar.	Apr.	
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	36.1	42.1	34.0	34.1	39.7	94
Burley	Mil. lb.	5.7	9.2	1.2	14.0	9.8	107
Maryland	Mil. lb.	.8	1.6	.3	.6	.5	31
Virginia fire- & sun-cured	Mil. lb.	*	1.9	.4	.5	.2	22
Ky.-Tenn. fire-cured	Mil. lb.	3.0	.9	1.7	2.4	1.2	133
Ky.-Tenn. dark air-cured	Mil. lb.	.2	.2	.1	.3	.2	100
Black Fat	Mil. lb.	.2	.3	.1	.3	.3	100
Cigar wrapper	Mil. lb.	.2	.2	*	*	*	---
Connecticut binder	Mil. lb.	*	0	*	*	*	---
Wisconsin binder	Mil. lb.	0	0	*	*	*	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	456.3	498.6	402.0	445.2	484.8	97
Burley	Mil. lb.	31.0	40.3	11.4	25.4	35.2	90
Maryland	Mil. lb.	3.8	5.4	4.9	5.5	6.0	111
Virginia fire- & sun-cured	Mil. lb.	2.9	4.8	3.0	3.3	3.5	73
Ky.-Tenn. fire-cured	Mil. lb.	12.0	12.9	6.0	8.4	9.6	74
Ky.-Tenn. dark air-cured	Mil. lb.	.2	.4	.7	.2	.2	50
Black Fat	Mil. lb.	1.3	1.5	1.5	1.8	2.1	140
Cigar wrapper	Mil. lb.	1.5	1.7	1.9	2.4	3.2	188
Connecticut binder	Mil. lb.	*	*	*	*	*	---
Wisconsin binder	Mil. lb.	0	0	*	0	0	---
Cigar filler	Mil. lb.	.6	.6	.1	.1	.1	17
Exports of manufactured tobacco							
in bulk	Mil. lb.	2.7	2.6	3.1	1.4	1.1	42
Accumulated from Jan. 1	Mil. lb.	7.8	10.4	9.3	10.7	11.8	114
Quarterly data							
1974							
1975							
Jan.-Mar. Apr.-June Jan.-Mar. Apr.-June							
Stocks of tobacco--1st of quarter <u>9/</u>							
Domestic types							
(farm-sales weight)							
Flue-cured	Mil. lb.	2,232	1,927	2,217	1,932		100
Burley	Mil. lb.	1,354	1,377	1,314	1,374		100
Maryland	Mil. lb.	44	40	52	45		112
Fire-cured	Mil. lb.	54	73	47	64		88
Dark air- and sun-cured	Mil. lb.	47	51	38	43		84
Cigar filler	Mil. lb.	57	70	52	72		103
Cigar binder	Mil. lb.	42	55	39	52		95
Cigar wrapper	Mil. lb.	18	17	19	19		112
Under Government loan <u>10/</u>	Mil. lb.	599	474	284	249		53
Tobacco sheet <u>11/</u>							
Cigarette types	Mil. lb.	22.6	22.1	19.6	27.8		126
Cigar types	Mil. lb.	1.6	1.4	1.3	.9		64
Foreign types (farm-sales weight)							
Cigarette and smoking	Mil. lb.	442	477	548	567		119
Cigar	Mil. lb.	112	120	125	129		108
Tobacco outlets <u>12/</u>							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	667.6	632.4	626.8	678.0		112
Taxable removals	Bil.	608.8	569.6	562.5	618.0		108
Large cigar production	Bil.	6.69	5.84	5.74	5.84		100
Smoking production	Mil. lb.	52.6	45.3	49.4	44.7		99
Chewing production							
Loose leaf	Mil. lb.	50.2	48.7	51.4	51.6		104
Plug and other	Mil. lb.	25.8	26.2	26.6	26.5		101
Snuff production	Mil. lb.	24.1	25.1	23.3	25.0		100
Exports of leaf							
Total	Mil. lb.	862.2	854.7	891.2	650.0		76
Flue-cured	Mil. lb.	782.0	623.4	789.7	500.0		80

1/ 1974 and 1975 crops respectively. 2/ Prices paid by farmers including interest, taxes and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Excise tax excluded. 6/ Federal and applicable State and local taxes included. 7/ Farm-sales weight equivalent. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Holdings of manufacturers and dealers including grower cooperatives. 10/ Reported by grower cooperatives. 11/ Weight of tobacco leaf not including stems added. 12/ Data for most recent quarter are preliminary estimates. \* Less than 50,000 pounds. Detail may not add to total due to rounding.

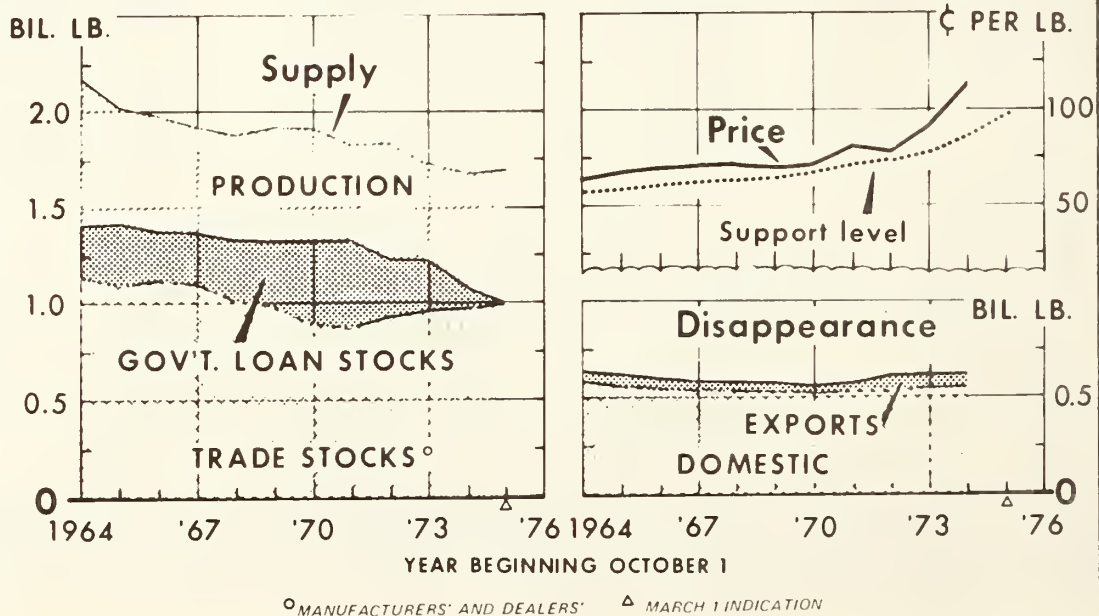
## FLUE-CURED TOBACCO: SUPPLY, PRICE, AND USE



USDA

NEG ERS 223 - 75 (3)

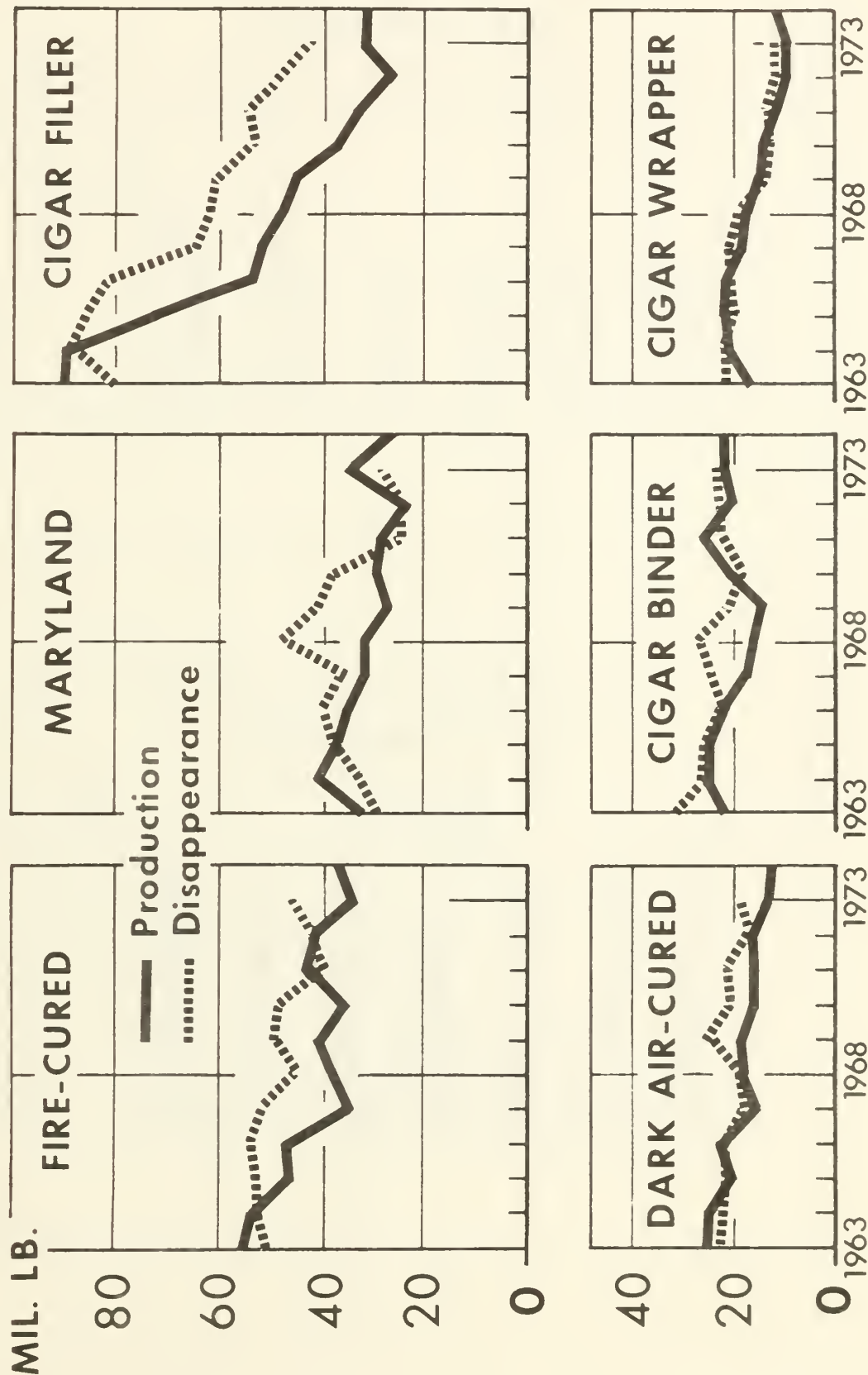
## BURLEY TOBACCO: SUPPLY, PRICE, AND USE



USDA

NEG ERS 381 - 75 (3)

# PRODUCTION AND USE, U.S. TOBACCO



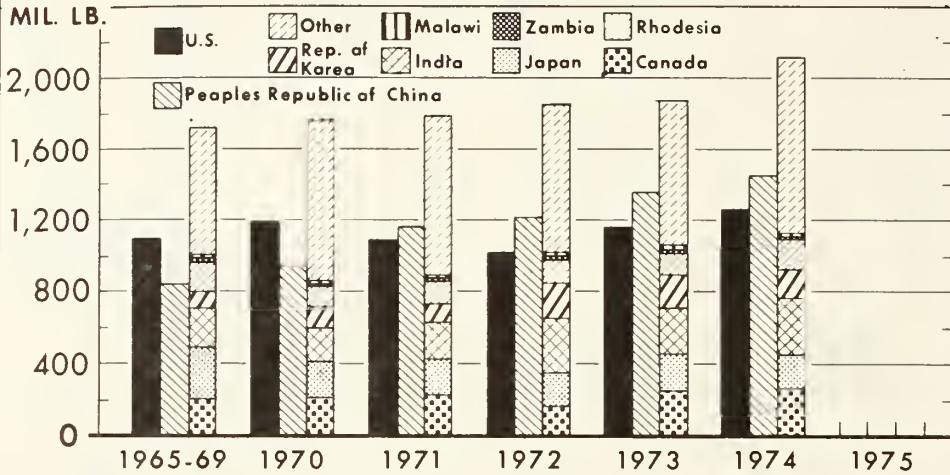
DATA FORECAST FOR LATEST YEAR

U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 260-74 (9)

ECONOMIC RESEARCH SERVICE

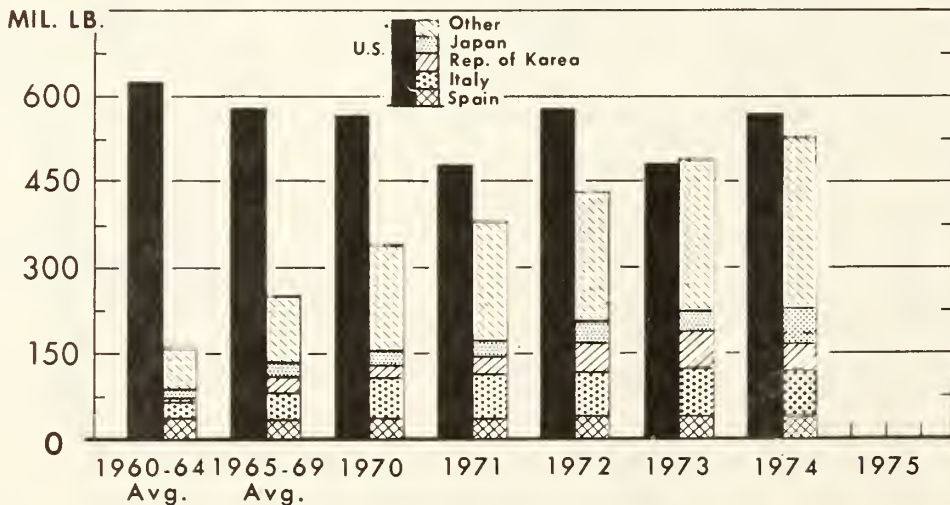
## FLUE-CURED TOBACCO: ESTIMATED WORLD PRODUCTION



U.S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2359-75(1) FOREIGN AGRICULTURAL SERVICE

## BURLEY TOBACCO: ESTIMATED WORLD PRODUCTION



U.S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2402-75(1) FOREIGN AGRICULTURAL SERVICE



# LIST OF TABLES

<u>Table</u>	<u>Title</u>	<u>Page</u>
1	U.S. cigarette exports to leading destinations, 1973-75 .....	4
2	Cigarettes: Output, removals, and consumption, 1960-75 .....	5
3	Cigars and smoking tobacco: Output, removals, and consumption, 1967-75 .....	6
4	Tobacco products: Output, 1973-75 .....	7
5	U.S. tobacco exports by types and countries, 1966-75 .....	9
6	U.S. imports of unmanufactured tobacco for consumption, and general, 1974-75 .....	10
7	Flue-cured and burley tobacco: Marketing quota and marketings, 1965-75 .....	11
8	Flue-cured and burley tobacco: U.S. supplies, disappearance, and prices, 1965-75 .....	13
9	Unmanufactured tobacco exports, by types, to principal destinations, marketing years, 1973/74-1974/75 .....	14
10	Maryland tobacco: U.S. supplies, disappearance, and prices, 1968-75	16
11	Fire-cured tobacco: U.S. supplies, disappearance, and prices, 1967- 75 .....	17
12	Dark air-cured tobacco: U.S. supplies, disappearance, and prices, 1967-75 .....	18
13	Cigar tobacco: Supplies, disappearance, and prices, 1967-75 .....	19
14	Exports of unmanufactured tobacco from the leading exporting coun- tries, 1970-74 .....	21
15	World tobacco production and exports and the United States share, 1955-74 .....	22
16	Tobacco imports of ranking foreign markets and the United States share, 1971-74 .....	23
17	United Kingdom tobacco: Imports, stocks, clearances, and exports, 1972-74 .....	23
18	EEC tobacco imports, by major suppliers, 1955-74 .....	24
19	Cash receipts from tobacco, by States, 1966-74 .....	26
20	Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1964-74 .....	26
21	Flue-cured tobacco: Harvest completion by weeks, 1974 season .....	27
22	Flue-cured tobacco: Farm marketings by belt and across-belt market- ings, 1974 crop .....	28
23	Burley tobacco: Farm marketings by State and across-state-line movements, 1974 crop .....	28
	Statistical Summary .....	38

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250

OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF  
AGRICULTURE  
AGR 101  
FIRST CLASS



**NOTICE:** If you don't want future issues  
of this ERS publication, check here ☐  
and mail this sheet to the address below.

If your address should be changed, write your  
new address on this sheet and mail it to:

Automated Mailing List Section  
Office of Plant and Operations  
U.S. Department of Agriculture  
Washington, D.C. 20250

TS-152

JUNE 1975